Q3

THIRD QUARTER FINANCIAL REPORT

2016-2017

CBC Radio-Canada

CBC/RADIO-CANADA'S COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

As the national public broadcaster, we take very seriously our obligation to be transparent and accountable to Canadians. To meet our responsibilities, we provide access on our corporate website to information about our activities and the way we manage our public resources.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition to filing an annual report, we are required – like most Canadian federal Crown corporations – to file quarterly financial reports for the first three quarters of each fiscal year. The following Management Discussion and Analysis (MD&A) aims to provide readers with an overview of our activities and performance for the third quarter of 2016-2017, and should be read in conjunction with our most recent Annual Report.

In keeping with our commitment to transparency and effective oversight of public funds, we are pleased to present this quarterly report for the third quarter ended December 31, 2016. We have organized our MD&A in the following key sections:

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To help you better understand this MD&A, note the following:

Quarterly reporting – The Condensed Interim Consolidated Financial Statements have not been reviewed by our auditor.

Seasonality – The majority of our self-generated revenue comes from advertising, which follows seasonal patterns based on the programming schedule. It also varies according to market and general economic conditions, as well as schedule performance. Subscriber-based revenue is relatively more stable on a quarter-by-quarter basis. Operating expenses also tend to follow a seasonal pattern because they are also influenced by the programming schedule. Government appropriations are recognized in income based on the annual budget, which reflects seasonal impacts on expenditures and self-generated revenue.

Forward-looking statements – This report contains forward-looking statements about strategy, objectives, and expected financial and operational results. Forward-looking statements are typically identified by words such as "may", "should", "could", "would", and "will", as well as expressions such as "believe", "expect", "forecast", "anticipate", "intend", "plan", "estimate" and other similar expressions. Forward-looking statements are based on the following broad assumptions: CBC/Radio-Canada's government funding remains consistent with amounts announced in the federal budget, and the broadcasting regulatory environment will not change significantly. Key risks and uncertainties are described in the Risk Update section of this report. However, some risks and uncertainties are by definition difficult to predict and are beyond our control. They include, but are not limited to, economic, financial, advertising market, technical and regulatory conditions. These and other factors may cause actual results to differ substantially from the expectations stated or implied in forward-looking statements.

Performance indicators – We rely on data from both internal tools and third parties to measure our performance metrics. While this data is based on what we believe to be reasonable calculations for the applicable periods of measurement, there are inherent challenges in collecting this information, particularly as the media industry undergoes a digital transformation. For example, Canadians now consume media content on multiple devices from an ever growing array of content providers. As media consumption habits change, audience measurement suppliers and the Corporation are refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. As a result, changes in the way data is collected could result in certain information provided in future periods not being comparable with information disclosed in prior periods. Since some of this data is used to measure our strategic and operational indicators, we may be required to make adjustments to targets and historical results to enhance comparability of the data and follow industry's best practices.

Non-IFRS measure – This report includes the measure Results on a Current Operating Basis, which does not have any standardized meaning according to International Financial Reporting Standards (IFRS). It is therefore unlikely to be comparable to similar measures presented by other companies. Refer to the Discussion of Results section for further details.

Q3 FINANCIAL HIGHLIGHTS

SELF-GENERATED REVENUE

2016-2017: $138.1M
2015-2016: $139.2M

TOTAL DECREASE
▼ $1.1M (0.8%)

Our revenue from ongoing operations decreased by 0.8% this quarter. This was attributable to the combined effect of fewer subscribers to some of our specialty channels and lower content sales.

These decreases were partly offset by higher advertising revenue, driven by higher sales of digital advertising. However, our TV advertising sales continued to be affected by the weakness of the conventional TV market.

OUR EXPENSES

2016-2017: $445.1M
2015-2016: $418.6M

TOTAL INCREASE
▲ $26.5M (6.3%)

Ongoing expenses increased by 6.3% in line with our plans as we made use of the additional government funding approved for 2016-2017.

This quarter, we continued investing in new content across different platforms in accordance with our strategy, while also incurring additional costs for digital initiatives.

These increases were partially offset by lower costs relative to last year following cost-reduction initiatives.

GOVERNMENT FUNDING

2016-2017: $288.8M
2015-2016: $254.1M

TOTAL INCREASE
▲ $34.7M (13.6%)

Total government appropriations will increase by $75.0 million in 2016-2017 as announced by the government in March 2016. The 13.6% increase in government funding recognized during the third quarter reflects some of this increase, and is also due to an earlier drawdown of funds relative to last year.

Changes in revenue, expenses and higher government funding as summarized above were the main contributors to a gain on a Current Operating Basis of $8.8 million this quarter. This compares with a loss of $1.7 million in the third quarter of last year.

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2016	2015	% change	2016	2015	% change
Revenue	138,045	139,173	(0.8)	429,476	400,051	7.4
Expenses	(445,132)	(418,558)	(6.3)	(1,229,689)	(1,157,324)	(6.3)
Results before government funding and non-operating items	(307,087)	(279,385)	(9.9)	(800,213)	(757,273)	(5.7)
Government funding	288,777	254,121	13.6	767,966	666,074	15.3
Results before non-operating items	(18,310)	(25,264)	27.5	(32,247)	(91,199)	64.6
Net results under IFRS for the period	(18,403)	(27,081)	32.0	(34,461)	(90,841)	62.1
Results on a Current Operating Basis[1]	8,757	(1,734)	N/M	3,286	(36,126)	N/M

N/M = not meaningful

[1] Results on a Current Operating Basis is a non-IFRS measure. This excludes items that do not generate or require funds from operations. A reconciliation of net results to Results on a Current Operating Basis is provided in the Discussion of Results section of this report.

Net results under IFRS were a loss of $18.4 million this quarter, an improvement of $8.7 million when compared to the same period last year. This is also due to the changes in revenue and expenses, as well as levels of government funding recognized in the current quarter.

BUSINESS HIGHLIGHTS

From engaging, multiplatform content, to the launch of our future vision, *Creative Canada*, the third quarter of 2016-2017 was a busy one.

CONTENT AND SERVICES

Our content offer in the third quarter was rich and diversified, including programming from CBC's and Radio-Canada's fall season, as well as holiday programming across both networks in December.

CBC launched its fall programming season with a selection of new TV offerings, including *Kim's Convenience*, *The Goods*, *Shoot the Messenger* and *This is High School* (which had a complementary Facebook Live stream), accompanied by favourites such as the *Rick Mercer Report*, *This Hour Has 22 Minutes*, *Dragons' Den*, *Heartland* and *Murdoch Mysteries*. Radio continued to provide leadership in original Canadian podcast content, reaching 12.2 million downloads in December helped by programming such as the hit *Someone Knows Something*. On broadcast, CBC Radio 2 reintroduced *Marvin's Room*, new hosts were heard on CBC Radio 2 morning and weekend morning programs, and CBC Music announced the winners of the Canadian Music Class Challenge. On CBC Radio One, *Now or Never* was introduced to the schedule, while *Vinyl Café* ended its run of original episodes and Tom Power sat in the *q* host chair for the first time. Radio-Canada's prime-time TV programming performed well, with a mix of returning shows like *Unité 9*, *Tout le monde en parle*, *Mémoires vives* and *Les pêcheurs*, as well as new offerings such as *Feux* and *Les Simone*. Also launched this fall, drama *District 31* almost immediately garnered and sustained a viewership over one million on a daily basis.[1] Building on last year's successful experiments with multiscreen broadcasts, Radio-Canada aired the first episode of new thriller *Fatale Station* on ICI RADIO-CANADA TÉLÉ, with the following episodes available exclusively on our digital platform ICI TOU.TV EXTRA.

In December, our TV networks delivered everything from best-loved movies, to holiday specials, to musical performances, rounding out the year with a spectacular New Year's Eve lineup across both CBC and Radio-Canada. Almost 5.5 million Canadians tuned into CBC's *Countdown to 2017* special at some point through the evening.[2] Meanwhile, Radio-Canada aired recurring and "must-watch" shows *Infoman – Émission spéciale de fin d'année*, *À l'année prochaine* and *En direct de l'univers – Émission spéciale du Jour de l'An*, as well as *Le compte à rebours du 31 décembre*, which summarized the evening's events. Once again, New Year's Eve's top performer was household favourite *Bye Bye 2016*, which attracted 3.8 million viewers, or 85% of the Quebec francophone market.[3]

On New Year's Eve, CBC's *Countdown to 2017* touched almost 5.5 million viewers, while Radio-Canada's New Year's Eve household favourite *Bye Bye 2016* attracted close to 4 million viewers.

2017 will be an important year as Canada celebrates the 150th anniversary of Confederation.

CBC/Radio-Canada will be at the heart of the celebrations.

2017 will be an important year as Canada celebrates the 150th anniversary of Confederation. The public broadcaster is at the heart of the celebrations. We will bring Canadians together around special programming and events, and will enable conversations about our collective national identity, our diversity and what binds us together. Canadians can find our complete list of programming in our 2017 Programming Guide.

We continue to foster and promote the production of Canadian content as a way to strengthen Canadian culture. This quarter, Radio-Canada began its series *50 films/50 semaines*, offering the best in Canadian filmmaking throughout 2017. Movies are initially made available on ICI TOU.TV EXTRA, then on ICI ARTV and finally on ICI RADIO-CANADA TÉLÉ. Meanwhile, CBC launched the Breaking Barriers Film Fund, which supports the production of feature films by under-represented Canadian creators, specifically women, Indigenous peoples, persons with disabilities and visible minorities.

As part of our effort to forge stronger bonds at the local level, we announced that our new London, Ontario radio station – made possible thanks to renewed federal investment – would be located in London's public library, a modern facility in the heart of downtown.

We are continuing to bring awareness to Indigenous artists and producers and to the issues facing Canada's Indigenous peoples. This quarter, Radio-Canada launched *Espaces autochtones*, a dedicated web- and mobile-accessible portal that addresses topics of interest to First Nations communities through news offerings and in-depth analysis, while CBC's *The Current* started the Missing and Murdered Indigenous Women Town Hall Tour. There was also the debut of *Highway of Tears*, CBC's first virtual reality (VR) documentary. The short film combines this emerging technology with CBC's strong journalism to create the first VR exploration into the issue of the many Indigenous women who have gone missing along the notorious highway. Additionally, CBC broadcast Gord Downie's *The Secret Path*, an hour-long commercial-free television special about Chanie Wenjack, who died tragically while attempting to return to his family from the residential school he'd been forced to attend.

This quarter saw the final taping of *L'auberge du chien noir*. This marks an important milestone as Radio-Canada phases out the in-house production of drama series, consistent with our strategic goal to build a right-sized and nimble production capacity. The show enjoyed a 15-year run, garnering significant audiences often above one million viewers[4]. Its final episode will be aired later this spring.

For more metrics on the performance of our content, see the Measuring Our Media Lines subsection of this report.

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[1] Source: Numeris
[2] Ibid.
[3] Ibid.
[4] Ibid.

INFRASTRUCTURE

There have been changes to our property holdings, in keeping with the strategic goal of reducing our real estate footprint and modernizing our workspaces. Our Moncton Université Avenue property was sold at the end of November, after our station moved last year. Approximately 10,000 square feet of unused space in our CBC Vancouver Broadcast Centre was leased in two separate transactions. Finally, our staff in Iqaluit officially moved to a new station at the beginning of December.

As noted in our last report, the Maison de Radio-Canada redevelopment project in Montreal moved forward in November 2016. The sale of the existing building and land was awarded to Groupe Mach, while the build of the new Maison de Radio-Canada was awarded to the Broccolini group. Both transactions are pending Treasury Board of Canada approval, after which construction work should start. The target move-in date is set for January 2020.

PEOPLE AND CULTURE

Following the recommendations from the Rubin Report, an integrated culture change strategy was developed, discussed with internal and union stakeholders, and then approved by the Senior Executive Team in December 2016. Starting with the current state and context, it sets out the goals of becoming an engaged and outcome-creating culture. Progress toward these goals will be achieved through the pursuit of the multi-pronged, integrated and progressive talent practices set out in a three-year roadmap.

Also stemming in part from the Rubin Report, the second annual Dialogue Survey was held this quarter. The employee engagement survey, conducted in partnership with Gallup, garnered an all-time high participation rate of 71%. Preliminary results show organization-wide improvement and positive momentum. Managers will communicate results to their teams and develop action plans before March 31, 2017.

On November 10, 2016, a tentative agreement was reached between CBC/Radio-Canada and the Association des réalisateurs de Radio-Canada (AR). On November 28, 2016, union members voted in favour of the agreement. The collective agreement between CBC/Radio-Canada and the AR became effective December 7, 2016 and expires on December 15, 2019.

OTHER BUSINESS MATTERS

Last spring, the federal government asked Canadians for their views on how to strengthen Canadian culture in a digital world.

Canadians from across the country participated through online surveys, round tables and submissions. In November 2016, we provided our thoughts on how to strengthen Canadian culture, with a proposal that can anchor a modern culture policy framework and place the public broadcaster at the centre of a strong culture sector. The proposal contains three key recommendations:

- Canada should develop its own cohesive cultural investment strategy; one that engages all of the country's creators and creative industries and makes the public broadcaster a foundational part of this strategy;
- Advertising should be removed from all of our platforms, so an ad-free CBC/Radio-Canada could focus on cultural rather than commercial priorities. To do this, there would be an increase in per-person funding to CBC/Radio-Canada to $46 – an increase of $12 per Canadian; and
- CBC/Radio-Canada funding should be depoliticized so that it is predictable and stable, tied to the existing five-year license cycle, indexed to inflation, and separated from the election and annual government budget cycles.

The full submission is available to the public on our corporate website.

On January 26, 2017, the Public Policy Forum submitted a report on news, democracy and trust in the digital age to the federal government. Among its findings, it referenced the vital role the public broadcaster plays in informing Canadians. We welcomed this report in a public statement, and are pleased to have been able to participate and contribute our views in the discussions that led up to its release. However, the report's recommendation that CBC/Radio-Canada make its news content freely available for use by others under a digital Creative Commons license needs further study, particularly given the growing concern over the accuracy and behavior of some online sites. In addition, while the report's recommendation that CBC/Radio-Canada receive funding to remove digital advertising is an important start to this discussion, it is a half measure. Removing only digital advertising would mean the public broadcaster would still be a competitor for advertising revenue on other platforms which would limit its ability to partner with other organizations. Also, because modern advertising is sold in bundles including both digital and television, partially removing ads would hurt overall revenue. In our proposal, we recommended that CBC/Radio-Canada remove advertising from all of its platforms so that it could become a better supporter of Canadian culture.

In its Budget 2016, the government proposed to invest an additional $75 million in CBC/Radio-Canada for 2016-2017, rising to $150 million in the following years, and asked the Minister of Canadian Heritage to work with the public broadcaster to develop an accountability plan. The CBC/Radio-Canada Accountability Plan is completed and now posted on our corporate website.

Early in the new year, Values and Ethics Commissioner Diane Girard officially opened her office to CBC/Radio-Canada employees and to the public. Those wishing to contact the Commissioner can now do so via her section of the corporate website.

PERFORMANCE UPDATE

PERFORMANCE MEASUREMENT FRAMEWORK

A central feature of *Strategy 2020* is the establishment of metrics to track and assess our performance. Building on existing measurement tools, we have developed a streamlined performance measurement framework to assess our strategic plan. This performance measurement framework consists of three separate reports: the Mandate and Vision Perception Survey, the *Strategy 2020* Performance Report (strategic indicators), and the Media Lines Performance Report (operational indicators).

Further to its additional investment in the public broadcaster, the government asked the Minister of Canadian Heritage to work with CBC/Radio-Canada to develop an accountability plan. Our plan includes two additional performance indicators to measure the incremental impact of the government's reinvestment on two key areas – expanding our digital presence and increasing services to local markets. We will begin reporting incremental progress on these areas in our next Annual Report.

OUR MANDATE AND VISION

As Canada's national public broadcaster, the establishment of metrics to track and assess the perception of our performance is essential to demonstrate our accountability to Canadians. The Mandate and Vision Perception Survey allows us to monitor how well Canadians believe our services fulfill the Corporation's mandate under the 1991 *Broadcasting Act*, as well as measure the performance of our programming with respect to quality, distinctiveness and our ability to reflect and draw Canadians together. The report also includes vision indicators, which present the Corporation's role in fulfilling the vision of *Strategy 2020*. The data are collected via surveys conducted among representative samples of anglophone and francophone Canadians.[5]

For those interested in looking at the most recent survey results, they have been published in an interactive dashboard on our corporate website for all Canadians to access.

STRATEGY 2020

The *Strategy 2020* Performance Report is used to ensure we are meeting the corporate-wide objectives of our current strategic plan. We established long-term targets we aim to meet by 2020. Each year, we track our progress towards them with short-term annual targets. Nine key indicators are used to measure the building blocks of our current strategy: audience, infrastructure, people and financial sustainability.[6]

The goal of our strategy is to increase our value to all Canadians and to deepen our relationship with them. With this in mind, five of the nine indicators measure our audience success. By 2020, we want:

- Three out of four Canadians to consider one or more of our services to be very personally important to them (indicator 1);
- Canadians to continue to strongly agree that CBC/Radio-Canada's information programming reflects a diversity of opinions and covers issues in a fair and balanced way (indicator 2);
- To increase our digital reach so that 18 million Canadians will use our digital platforms each month and to grow the number of digital interactions they have with our services (indicators 3 and 4); and
- To maintain the level of time Canadians spend with our services, even as competition for Canadians' attention continues to increase (indicator 5).

To support our audience goals, we will need to transform our infrastructure, including reducing our real estate footprint by 50% (indicator 6). We will also need our employees to be more engaged (indicator 7) and to better reflect the diverse society we serve (indicator 8). We are aiming to achieve these objectives while becoming more financially sustainable through cost reductions (indicator 9).

MEDIA LINES

We use Media Lines reporting to measure performance against our operational targets, which mostly focus on audience reach and share through our various platforms and self-generated revenue across all our services.

[5] Source: Mission Metrics Survey, TNS Canada (1,000 anglophones and 1,000 francophones per survey). Surveys are conducted in fall and spring each year.
[6] As of 2016-2017, the indicator for Investment Fund (formerly indicator 10) is no longer relevant due to the government's reinvestment in CBC/Radio-Canada. It will not be included in the *Strategy 2020* Performance Report.

MEASURING OUR MANDATE AND VISION

The latest survey results and highlights follow. Each result below represents the percentage of Canadians who gave CBC/Radio-Canada top marks (8 or higher on a 10-point scale). More detailed results are available on our online interactive dashboard.

Overall, the perception of Canadians towards CBC/Radio-Canada in the fall of 2016 remained strong and stable compared to results from last year. Other key highlights are as follows:

- The top three perception scores show that Canadians continue to strongly believe that CBC/Radio-Canada's programming is of *high quality* (68%), *reflects the regions of Canada* (68%) and *is informative* (65%).
- Our region indicators recorded their highest ever results this fall – the indicators measuring how well our programming *reflects the regions of Canada* reached 68% and *reflects my region* increased to 46%.
- Several indicators recorded negative variations since last fall. However, only two of these decreases are statistically significant: *reflects my culture* (45%, -5 pts) and *covers major issues in a fair and balanced way* (56%, -3pts).

Percentages of Canadians Who Gave CBC/Radio-Canada Top Marks (8, 9, or 10 on a 10-point scale)[7]

	CBC/Radio-Canada's Programming...	Fall 2014	Spring 2015	Fall 2015	Spring 2016	Fall 2016
***Broadcasting Act* Performance Indicators**	is informative	69%	67%	67%	68%	65%
	is enlightening	58%	56%	56%	58%	55%
	is entertaining	54%	54%	51%	52%	50%
	is available on new platforms	67%	67%	60%	61%	61%
	is of high quality	64%	69%	70%	65%	68%
	is different from others	46%	44%	45%	48%	46%
	reflects regions of Canada	66%	67%	66%	65%	68%
	reflects my region	44%	45%	43%	44%	46%
	reflects the diversity of Canada	53%	54%	54%	56%	55%
	reflects my culture	44%	50%	50%	43%	45%
	CBC/Radio-Canada's Information Programming...					
	reflects a diversity of opinions	56%	55%	54%	55%	51%
	covers major issues in a fair and balanced way	58%	59%	59%	56%	56%
Vision Performance Indicators	**CBC/Radio-Canada...**					
	is personally important for me	60%	57%	57%	56%	54%
	is listening to its audiences	45%	48%	45%	44%	44%
	supports the creation of original Canadian content	65%	64%	62%	61%	63%
	is actively interacting with its audiences	47%	48%	48%	48%	48%
	is the leader in Canadian content	62%	61%	61%	59%	60%
	provides a place for Canadians to share their ideas and views with others	53%	58%	55%	55%	57%

[7] Source: Mission Metrics Survey, TNS Canada (1,000 anglophones and 1,000 francophones per survey). Surveys are conducted in fall and spring each year.

MEASURING OUR *STRATEGY 2020*

The *Strategy 2020* indicators as of December 31, 2016 are presented below.

Indicator	Results 2015-2016	Targets 2016-2017	Apr 1 to Dec 31, 2016	2020 Targets
Audience/Market				
1. Personal importance to Canadians (% very important)[8]	56.6%	57.6%	54.2%	75.0%
2. Information programming has diverse opinions and is objective (% who strongly agree)[8]	56.2%	56.5%	53.5%	57.0%
3. Digital reach of CBC/Radio-Canada (million)[9]	14.6	16.5	16.6	18.0
4. Monthly digital interactions with CBC/Radio-Canada (million)[10]	103.8	117.2	133.7	95.0
5. Overall time spent with CBC/Radio-Canada (million hrs/week)[11]	171	177	N/A[11]	173
Infrastructure				
6. Reduce real estate footprint (million of rentable square feet)[12]	3.9	3.9	3.9	2.0
People				
7. Employee engagement (% proud to be associated)[13]	69.0%	74.2%	82.0%	90.0%
8. Employee diversity (% of new employees)[14]	18.5%	23.2%	18.7%	23.2%
Financial				
9. Achieve cost reduction target ($ million)	$62.0	$85.1	$87.5	$117.0

N/A = not available or not applicable

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Canadians consume media content on multiple devices (e.g. smartphones, tablets, smart TVs) from an ever growing array of content providers. As media consumption habits change, audience measurement suppliers and the Corporation are refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. Since some of this data is used to measure our strategic and operational performance, we may be required to make adjustments to targets and historical results to enhance comparability of the data.

Audience/Market – Third quarter perception survey results for personal importance to Canadians (indicator 1) and information programming (indicator 2) were tracking below their 2016-2017 targets. Full year results for these indicators will allow us to confirm if these are trends or isolated fluctuations in the data.

At December 31, 2016, our indicators for digital reach (indicator 3) and monthly digital interactions (indicator 4) were tracking ahead of last year and above their targets for 2016-2017. Our digital interactions (indicator 4) were further boosted by the success of our coverage of the Rio 2016 Olympic Games in August and by our coverage of the U.S. presidential election in November.

Infrastructure – Indicator 6 was tracking on target for 2016-2017. A sizeable reduction in real estate footprint is expected following the sale of the existing Maison de Radio-Canada and the move into a new leased facility, currently scheduled for fiscal year 2019-2020.

People – Significant improvements in organizational climate and work environment this year were key drivers of our employee engagement result (indicator 7), which was almost 8 percentage points higher than the annual target.

Employee diversity (indicator 8) is currently trending below target, due to the hiring of fewer external diverse candidates than available in the industry according to the 2011 Canadian census. In the third quarter, we achieved our best performance since launching the indicator but work remains to be done to reach our target. We have increased our focus on inclusion and diversity since the last quarter and have launched a number of initiatives which we believe will better attract external candidates and improve retention of diverse employees to better reflect the makeup of the Canadian population.

Financial – Cost reductions (indicator 9) were tracking above target for 2016-2017.

[8] Source: Mission Metrics Survey, TNS Canada. This is the percentage of Canadians who give us top marks (8, 9 or 10 on a 10-point scale).
[9] Source: comScore, multiplatform measurement, monthly average unique visitors.
[10] Source: comScore, multiplatform measurement, monthly average visits.
[11] Source: Numeris, time spent with our TV and Radio services; Adobe SiteCatalyst and comScore, time spent with our Internet services. In fall 2016, Numeris modified its survey methodology by offering respondents the option to report their radio listening hours with an online diary instead of a paper diary. Numeris recognizes that this methodological enhancement may have impacted the results and advises that this change be taken into account when evaluating the fall radio results. Results will be published once the impact of this change has been assessed.
[12] Our rentable square feet (RSF) results exclude foreign offices (e.g. bureaus), transmission sites, parking lots and leases for the sole purpose of storage (i.e., no broadcasting activity).
[13] Source: Gallup Consulting, Dialogue 2016 Survey. This is the percentage of employees who are proud to be associated with CBC/Radio-Canada. This is measured as the percentage of employees who responded four to five on a scale of one to five in a representative survey of employees.
[14] This metric is made up of three groups: Indigenous peoples, persons with disabilities and visible minorities. It is calculated as a percentage of new external hires for positions of 13 weeks or more.

MEASURING OUR MEDIA LINES

FRENCH SERVICES RESULTS

		Results 2015-2016	Apr 1 to Dec 31, 2015	Targets 2016-2017	Apr 1 to Dec 31, 2016
Radio Networks					
ICI RADIO-CANADA PREMIÈRE and ICI MUSIQUE	*All-day audience share* [15]	21.8%	21.8%	21.8%	N/A[15]
Television					
ICI RADIO-CANADA TÉLÉ	*Prime-time audience share* [16]	19.9%	19.2%	19.5%	20.2%
ICI RDI, ICI ARTV, ICI EXPLORA	*All-day audience share* [17]	4.7%	4.7%	4.7%	4.8%
Regional					
ICI RADIO-CANADA PREMIÈRE	*Morning show audience share* [15]	19.9%	19.9%	18.9%	N/A[15]
Téléjournaux 18h	*Average minute audience* [17]	319 K	306 K	319 K	305 K
ICI Radio-Canada.ca regional offering	*Monthly average unique visitors* [18]	0.7 M	0.7 M	1.2 M	1.3 M
Digital					
Radio-Canada digital offering	*Monthly average unique visitors* [19]	3.0 M	2.8 M	3.4 M	3.7 M
Specialty Television Channels					
ICI RDI	*Subscribers*	10.7 M	10.8 M	N/A[20]	N/A[20]
ICI ARTV	*Subscribers*	1.8 M	1.8 M	N/A[20]	N/A[20]
ICI EXPLORA	*Subscribers*	0.8 M	0.7 M	N/A[20]	N/A[20]
Revenue[21]					
Conventional, specialty, online		$216 M	$160 M	$201 M	$154 M

N/A = not applicable or not available

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Canadians consume media content on multiple devices (e.g. smartphones, tablets, smart TVs) from an ever growing array of content providers. As media consumption habits change, audience measurement suppliers and the Corporation are refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. Since some of this data is used to measure our strategic and operational performance, we may be required to make adjustments to targets and historical results to enhance comparability of the data.

French Services is tracking to meet or exceed most of its performance targets for 2016-2017. The following are highlights for this quarter.

Television – Halfway into the regular programming season, ICI RADIO-CANADA TÉLÉ is trending above target with an average prime-time share audience of 20.2%. The positive results are due to a number of top returning shows such as *Unité 9*, *Mémoires vives*, and *Tout le monde en parle*. Additions to the lineup this fall also contributed to the overall strong performance. For example, the daily drama series *District 31* attracted an average daily audience of over one million.[22]

Combined audience share for ICI RDI, ICI ARTV and ICI EXPLORA is tracking slightly above target at 4.8%. ICI RDI recorded high ratings throughout the final stages of the U.S. presidential election, while other events on the Quebec political scene boosted audience levels. Original Canadian content added to our schedule contributed to the performance of both ICI ARTV and ICI EXPLORA. ICI ARTV benefited from the return of Marc Labrèche as a TV show host on *Info, sexe et mensonges*. In the meantime, ICI EXPLORA continued its constant growth in viewership with new shows such as *Les Aventures du Pharmachien*.

Regional – TV local 6 PM news is currently tracking below target, but results are expected to improve during the winter season. The number of visitors for the regional digital offering is trending above target.

Digital – Canadians continue to turn in large numbers to our digital offer, with 3.7 million average unique monthly users since April. Almost half are now accessing content through mobile devices, a share that has been growing at a constant pace. During the quarter, original and distinctive content made available on Radio-Canada.ca for the U.S. presidential election has drawn significant traffic.

Revenue – Despite a challenging TV advertising market, revenue is currently trending to meet target due to strong audience performance.

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[15] Source: Numeris, fall survey (diary), francophones in Quebec aged 12 years and older. Morning show: Monday-Friday, 6:00-9:00 AM. In fall 2016, Numeris modified its survey methodology by offering respondents the option to report their radio listening hours with an online diary instead of a paper diary. Numeris recognizes that this methodological enhancement may have impacted the results and advises that this change be taken into account when evaluating the fall radio results. Results will be published once the impact of this change has been assessed.
[16] Source: Numeris, Portable People Meter (PPM), francophones in Quebec, aged two years and older, ICI RADIO-CANADA TÉLÉ regular season (September to March).
[17] Source: Numeris, Portable People Meter (PPM), francophones in Quebec, aged two years and older, April to March.
[18] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to March. In 2015-2016, the ICI Radio-Canada.ca regional offering measure was desktop only. Because of limited availability of multiplatform data from April 2016 through July 2016, the 2016-2017 result will be the monthly average unique visitors from August 2016 to March 2017.
[19] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to March. Radio-Canada digital offering: ICI.Radio-Canada.ca, ICI.TOU.TV, ICIMusique.ca, RCInet.ca, ICI.ARTV.ca and ICI.EXPLORAtv.ca.
[20] Not published due to competitive reasons.
[21] Includes advertising revenue, subscription revenue and other revenue (e.g. content distribution).
[22] Source: Numeris.

ENGLISH SERVICES RESULTS

		Results 2015-2016	Apr 1 to Dec 31, 2015	Targets 2016-2017	Apr 1 to Dec 31, 2016
Radio Networks					
CBC Radio One and CBC Radio 2	*All-day audience share* [23]	18.5%	18.5%	18.7%	N/A[23]
Television					
CBC Television	*Prime-time audience share* [24]	5.8%	5.6%	6.0%	5.3%
CBC News Network	*All-day audience share* [25]	1.7%	1.8%	1.5%	1.6%
Regional					
CBC Radio One	*Morning show audience share* [23]	20.4%	20.4%	20.4%	N/A[23]
TV local 6 PM news	*Average minute audience* [26]	345 K	331 K	345 K	303 K
CBC.ca regional offering	*Monthly average unique visitors* [27]	4.3 M	4.2 M	10.1 M	10.5 M
Digital					
CBC digital offering	*Monthly average unique visitors* [28]	12.4 M	12.0 M	14.1 M	14.6 M
Specialty Television Channels					
CBC News Network	*Subscribers*	11.0 M	11.1 M	N/A[29]	N/A[29]
documentary Channel	*Subscribers*	2.5 M	2.6 M	N/A[29]	N/A[29]
Revenue[30]					
Conventional, specialty, online		$260 M	$201 M	$211 M	$170 M

N/A = not applicable or not available

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Canadians consume media content on multiple devices (e.g. smartphones, tablets, smart TVs) from an ever growing array of content providers. As media consumption habits change, audience measurement suppliers and the Corporation are refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. Since some of this data is used to measure our strategic and operational performance, we may be required to make adjustments to targets and historical results to enhance comparability of the data.

The following are highlights for this quarter.

Television – CBC Television's Canadian programming successes in new series such as *Kim's Convenience* and solid results from returning favourites *Murdoch Mysteries* and *The Nature of Things* have contributed to an upward trend experienced over the course of the fall season. We will monitor the prime time performance into the next quarter.

CBC News Network's year-to-date results were above target, boosted by higher profile international events and, in particular, the Fort McMurray wildfire coverage early in the fiscal year.

Regional – Audience levels for TV local 6 PM news are trending below prior year performance. Results are expected to improve during the winter season. Increased investment as part of our new local strategy has yielded a significant increase in the reach of our digital regional offering, as seen with monthly average unique visitors.

Digital – Strong performance as the number of monthly average unique visitors is trending well above target and prior year results. These results were driven by new programming and resource enhancements.

Revenue – Revenue for the year is currently trending to meet target. Revenue to date is driven by favourable results for digital advertising, but partially offset by softness in advertising on the conventional television side.

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[23] Source: Numeris, fall survey (diary), persons aged 12 years and older. Morning show: Monday-Friday, 6:00-8:30 AM. In fall 2016, Numeris modified its survey methodology by offering respondents the option to report their radio listening hours with an online diary instead of a paper diary. Numeris recognizes that this methodological enhancement may have impacted the results and advises that this change be taken into account when evaluating the fall radio results. Results will be published once the impact of this change has been assessed.
[24] Source: Numeris, Portable People Meter (PPM), persons aged two years and older, CBC Television regular season (October to March).
[25] Source: Numeris, Portable People Meter (PPM), persons aged two years and older, April to March.
[26] Source: Numeris, Portable People Meter (PPM), persons aged two years and older, CBC Television local 6 PM news regular season (September to March). In 2015-2016, the regular season started in October upon introduction of the new program.
[27] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to March. In 2015-2016, the CBC.ca regional offering measure was desktop only. Because of limited availability of multiplatform data from April 2016 through July 2016, the 2016-2017 result will be the monthly average unique visitors from August 2016 to March 2017.
[28] Source: comScore Media Metrix, unique visitors, desktops (aged two years and older) and mobile devices (aged 18 years and older), April to March.
[29] Not published due to competitive reasons.
[30] Includes advertising revenue, subscription revenue and other revenue (e.g. content distribution). Excludes revenue from the Olympics and arrangements with Rogers Communications Inc. for the continued airing of *Hockey Night in Canada* for Saturday night and playoff hockey. Toronto 2015 Pan Am Games revenue included in prior year results reflects joint English and French Services revenue.

CANADIAN CONTENT

Regulatory requirements for Canadian content on television are specified by the CRTC, which sets conditions of license for ICI RADIO-CANADA TÉLÉ and CBC Television. For the whole broadcast day, a minimum of 75% Canadian content is required. For prime time, a minimum of 80% Canadian content is required. Both measures are averages over the entire broadcast year from September 1 to August 31. As shown in the table below, in the current broadcast year and the previous, ICI RADIO-CANADA TÉLÉ and CBC Television significantly exceeded the CRTC's Canadian content conditions of license, both over the whole day and in prime time.

		Yearly conditions of license	Results Sep 1, 2014 to Aug 31, 2015	Results Sep 1, 2015 to Aug 31, 2016
ICI RADIO-CANADA TÉLÉ				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	82%	84%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	91%	94%
CBC Television				
Broadcast day	(Mon-Sun, 6:00 a.m.-12:00 a.m.)	75%	92%	84%
Prime time	(Mon-Sun, 7:00 p.m.-11:00 p.m.)	80%	87%	85%

Ify Chiwetelu and Trevor Dineen, hosts of *Now or Never*, CBC Radio One

DISCUSSION OF RESULTS

RESULTS UNDER IFRS AND ON A CURRENT OPERATING BASIS

The following analysis provides a more detailed discussion of our financial performance.

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2016	2015	% change	2016	2015	% change
Revenue	138,045	139,173	(0.8)	429,476	400,051	7.4
Expenses	(445,132)	(418,558)	(6.3)	(1,229,689)	(1,157,324)	(6.3)
Results before government funding and non-operating items	(307,087)	**(279,385)**	**(9.9)**	(800,213)	**(757,273)**	**(5.7)**
Government funding	288,777	254,121	13.6	767,966	666,074	15.3
Results before non-operating items	(18,310)	**(25,264)**	**27.5**	(32,247)	**(91,199)**	**64.6**
Non-operating items	(93)	(1,817)	94.9	(2,214)	358	N/M
Net results under IFRS for the period	(18,403)	**(27,081)**	**32.0**	(34,461)	**(90,841)**	**62.1**
Items not generating or requiring funds from operations						
Pension and other employee future benefits	14,570	15,542	(6.3)	36,646	51,216	(28.4)
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	5,519	4,308	28.1	16,775	14,842	13.0
Other provisions for non-cash items	7,071	5,497	28.6	(15,674)	(11,343)	(38.2)
Results on a Current Operating Basis[1]	8,757	**(1,734)**	**N/M**	3,286	**(36,126)**	**N/M**

N/M = not meaningful

[1] Results on a Current Operating Basis is a non-IFRS measure. An explanation of Results on a Current Operating Basis is provided below.

NET RESULTS UNDER IFRS

Net results under IFRS for the third quarter were a loss of $18.4 million, compared to a loss of $27.1 million in the same quarter last year. On a year-to-date basis, net results under IFRS were a loss of $34.5 million, an improvement of $56.4 million or 62.1% relative to last year. These improved results reflect the combined impacts of higher government funding and a lower pension expense. These changes more than offset higher event and content expenditures from broadcasting the Rio 2016 Olympic Games last quarter and making investments in our strategic priorities throughout the year.

Included in net results under IFRS for the period are items that do not currently generate or require funds from operations, as explained below.

RESULTS ON A CURRENT OPERATING BASIS

This quarter, our Results on a Current Operating Basis were a gain of $8.8 million, compared to a loss of $1.7 million in the same period last year. This increase is consistent with the improvement of our IFRS results, as summarized above. On a year-to-date basis, the gain on a Current Operating Basis was $3.3 million compared to a loss of $36.1 million in the same period last year.

We define Results on a Current Operating Basis as net results under IFRS less the adjustments for non-cash expenses that will not require operating funds within one year, and non-cash revenue that will not generate operating funds within one year. This measure is used regularly by management to help monitor performance and balance the Corporation's budget consistent with parliamentary appropriations. We believe this measure provides useful complementary information to readers, while recognizing that it does not have a standard meaning under IFRS and will not likely be comparable to measures presented by other companies.

Adjustments include the elimination of non-cash pension and other employee future benefit costs, which represent the excess of the IFRS expense over the actual cash contributions for the period. Adjustments are also made for other non-cash items such as the depreciation, amortization and decommissioning of capital assets; the amortization of deferred capital funding; and non-budgetary annual leave. Other less significant items not funded or generating funds in the current period, primarily employee benefit-related, are adjusted for in the reconciliation to Results on a Current Operating Basis.

REVENUE

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2016	2015	% change	2016	2015	% change
Advertising						
English Services	38,835	37,586	3.3	137,584	94,254	46.0
French Services	38,749	38,400	0.9	97,753	93,291	4.8
	77,584	75,986	2.1	235,337	187,545	25.5
Subscriber fees						
English Services	17,749	18,471	(3.9)	53,805	55,388	(2.9)
French Services	14,758	15,204	(2.9)	44,744	45,585	(1.8)
	32,507	33,675	(3.5)	98,549	100,973	(2.4)
Financing and other income						
English Services	9,889	10,738	(7.9)	44,586	60,765	(26.6)
French Services	8,033	8,786	(8.6)	20,226	20,517	(1.4)
Corporate Services	10,032	9,988	0.4	30,778	30,251	1.7
	27,954	29,512	(5.3)	95,590	111,533	(14.3)
TOTAL	138,045	**139,173**	**(0.8)**	429,476	**400,051**	**7.4**

Our revenue decreased by $1.1 million (0.8%) in the third quarter of 2016-2017 compared to the same period last year.

ADVERTISING

Total advertising revenue increased by $1.6 million (2.1%) this quarter and by $47.8 million (25.5%) year-to-date. Our advertising revenue is affected by the events we broadcast and our ongoing operations.

EVENTS

There was no event-driven advertising revenue this quarter, or during the third quarter last year.

Higher revenue from events on a year-to-date basis resulted from advertising during our broadcast of the Rio 2016 Olympic Games. Last year's year-to-date results included advertising revenue from our broadcast of the Toronto 2015 Pan Am and Parapan Am Games.

ONGOING ACTIVITIES

Our ongoing advertising revenue during the quarter increased by $1.6 million as a result of higher digital revenue in our English markets, in part because of the number of significant news stories near the end of 2016. This increase was somewhat offset by:

- The Canadian TV advertising market. We benefited somewhat from our holiday programming; however, the conventional market remains affected by audience declines in the 25-54 demographic. This demographic is particularly important for media buyers, therefore we continue to closely monitor the market and our performance in this area.
- To a lesser extent, the CRTC's announcement that we would no longer be allowed to advertise on CBC Radio 2 and ICI MUSIQUE.

The full effect of the softness of the TV advertising market was more pronounced, on a year-to-date basis, with the market down 1.5% over last year (when measured April to December). This resulted in an overall decline in advertising revenue from ongoing activities.

SUBSCRIBER FEES

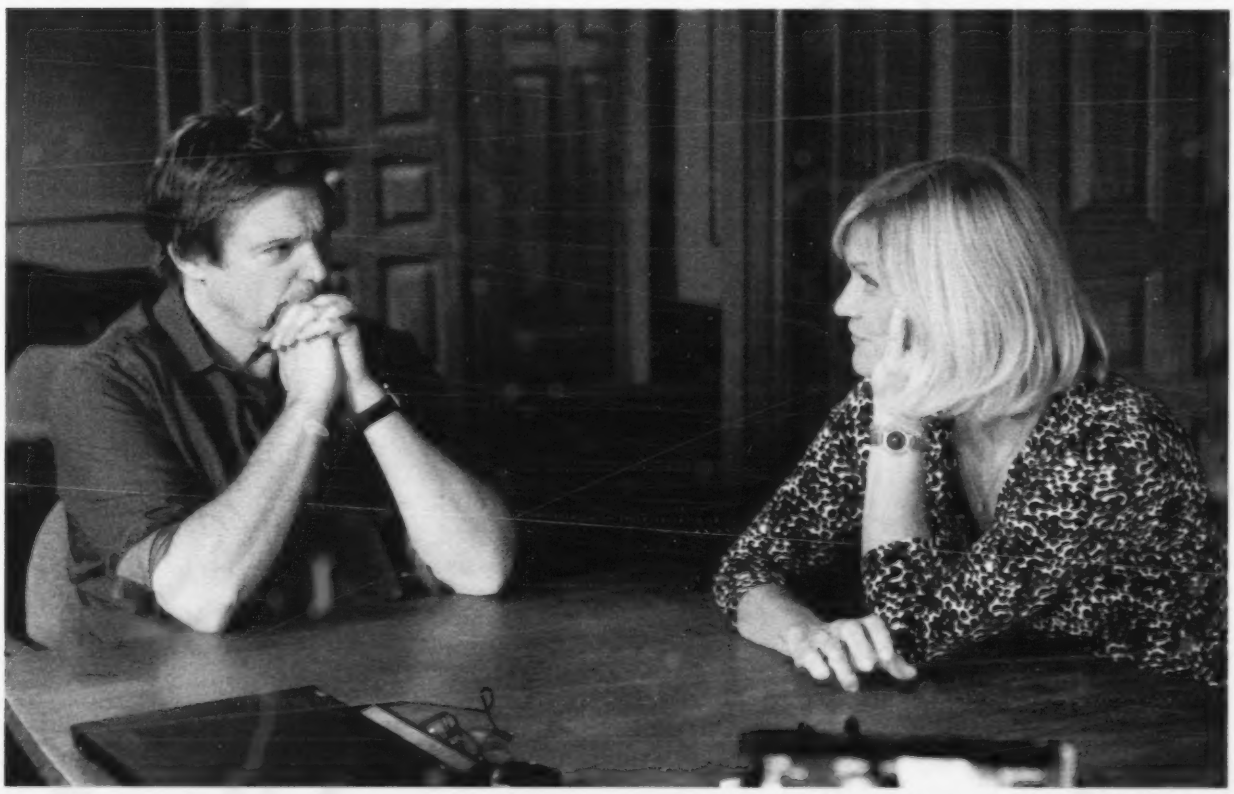
Our subscriber revenue decreased by $1.2 million (3.5%) this quarter and by $2.4 million (2.4%) year-to-date when compared to the same period last year. **CBC News Network**, **ICI ARTV** and **ICI RDI** have seen their number of subscribers decline. This decline is explained by the continuing cord-cutting/cord-shaving trend and the effects of the skinny basic packages that were introduced following the CRTC's *Let's Talk TV* hearings.

These decreases were partly offset by **ICI TOU.TV EXTRA**'s continued strong performance. This success is also an example of how we are becoming more digital as we experiment with new ways of distributing our content. To a lesser extent, the growth in **ICI EXPLORA**'s subscriber base also helped mitigate the overall decrease in subscriber fees.

Financing and Other Income

The declines of $1.6 million (5.3%) in Financing and other income this quarter and $15.9 million (14.3%) year-to-date resulted mostly from the following:

Events	There was no event-driven other income this quarter, or during the third quarter last year. Lower income from events year-to-date by $19.3 million (78.8%), was mainly due to our host broadcasting activities of the Toronto 2015 Pan Am and Parapan Am Games in 2015-2016. This decrease was partially offset by additional licensing revenue generated in 2016-2017 from the Rio 2016 Olympic Games.
Ongoing activities	This quarter, Financing and other income arising from ongoing activities decreased by $1.6 million (5.3%), mostly as a result of lower content sales. On a year-to-date basis, our Financing and other income increased by $3.3 million (3.8%) due to: • Higher income from programming and sponsorship sales; and • Revenue recognized from a one-time settlement following the end of an agreement related to two affiliate stations. These increases were partly offset by lower facilities rental income received from independent producers, consistent with CBC/Radio-Canada's plan to reduce its production resources.



***L'auberge du chien noir*, ICI RADIO-CANADA TÉLÉ**

OPERATING EXPENSES

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2016	2015	% change	2016	2015	% change
Television, radio and digital services costs						
English Services	242,897	220,343	10.2	659,021	603,482	9.2
French Services	177,574	171,853	3.3	495,161	476,279	4.0
	420,471	392,196	7.2	1,154,182	1,079,761	6.9
Other operating expenses						
Transmission, distribution and collection costs	16,694	17,947	(7.0)	50,122	52,006	(3.6)
Corporate management	2,596	2,625	(1.1)	7,495	7,340	2.1
Payments to private stations	64	213	(70.0)	488	1,147	(57.5)
Finance costs	6,333	6,948	(8.9)	19,665	21,183	(7.2)
Share of results in associate	(1,026)	(1,371)	25.2	(2,263)	(4,113)	45.0
	24,661	26,362	(6.5)	75,507	77,563	(2.7)
TOTAL	445,132	**418,558**	**6.3**	1,229,689	**1,157,324**	**6.3**

Our operating expenses increased by $26.6 million (6.3%) in the third quarter of 2016-2017 and by $72.4 million (6.3%) year-to-date. The main variances are discussed below.

TELEVISION, RADIO AND DIGITAL SERVICES COSTS

TV, radio and digital services costs increased by $28.3 million (7.2%) this quarter and by $74.4 million (6.9%) on a year-to-date basis. Our expenses are affected by the events we broadcast and the cost of supporting our ongoing operations.

EVENTS

There were no event-driven expenditures this quarter, or during the third quarter last year.

On a year-to-date basis, higher expenses from events resulted from the programming rights and production costs to broadcast the Rio 2016 Olympic Games. Last year's cost of events included the costs to broadcast the Toronto 2015 Pan Am and Parapan Am Games.

ONGOING ACTIVITIES

Our ongoing operating costs increased by $28.3 million and $16.9 million this quarter and on a year-to-date basis respectively, primarily as we continue to invest in new content:

- TV programming: additional costs incurred for new comedy and drama series;
- Music and talk radio; and
- News and current affairs: higher expenses for enhanced digital and international coverage.

In addition, we undertook a number of technical initiatives to help us further support our digital shift and incurred additional expenses to support our specialty channels and the launch of our fall lineup.

These additional investments in our content and technical capabilities were made as we continue to implement our current strategic plan. These increases were somewhat offset by the effect of cost-savings initiatives and a lower pension expense.

OTHER OPERATING EXPENSES

Other operating expenses decreased by $1.7 million (6.5%) during the third quarter and decreased by $2.1 million (2.7%) in the first nine months of 2016-2017, with the main variances highlighted below:

- Lower **transmission, distribution and collection costs** of $1.3 million (7.0%) this quarter and $1.9 million (3.6%) on a year-to-date basis, partly due to lower satellite expenses and one-time decommissioning costs incurred last year.
- Lower **payments to private stations** of $0.7 million (57.5%) on a year-to-date basis resulted from the end of an agreement related to two affiliate stations in August 2015.

Our **share of results in associate** decreased this quarter and on a year-to-date basis by $0.3 million (25.2%) and $1.9 million (45.0%) respectively, mainly because we have not received a regular dividend from SiriusXM Canada Holdings Inc. (SiriusXM) since the first quarter due to the pending sale of our investment. In January 2017, SiriusXM declared a regular dividend. For more details about our investment in associate, see Note 8 of our Condensed Interim Consolidated Financial Statements.

GOVERNMENT FUNDING

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2016	2015	% change	2016	2015	% change
Parliamentary appropriations for operating expenditures	264,666	229,752	15.2	695,628	591,794	17.5
Parliamentary appropriations for working capital	1,000	1,000	-	3,000	3,000	-
Amortization of deferred capital funding	23,111	23,369	(1.1)	69,338	71,280	(2.7)
TOTAL	288,777	**254,121**	**13.6**	767,966	**666,074**	**15.3**

Parliamentary appropriations for operating expenditures are recognized based on our working capital requirements, according to forecast revenue and expenditures for the period. Parliamentary appropriations for operating expenditures increased by $34.9 million (15.2%) this quarter and $103.8 million (17.5%) in the first three quarters of 2016-2017 compared to the same periods last year. The appropriation recognized in the current quarter is consistent with both the seasonality of our business and historical patterns.

Parliamentary appropriations for operating expenditures are expected to increase by $75.0 million in 2016-2017, following the March 2016 announcement of a reinvestment in CBC/Radio-Canada by the federal government. Salary inflation funding is not yet confirmed for 2016-2017.

Capital funding is recorded as **deferred capital funding**. It is amortized and recognized as revenue over the same periods as the related property, equipment and intangible assets are used in CBC/Radio-Canada's operations. The decreases of $0.3 million (1.1%) and $1.9 million (2.7%) on a quarterly and year-to-date basis, respectively, reflect the lower value of our asset base as we reduce our real estate footprint and simplify our infrastructure.

NON-OPERATING ITEMS

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2016	2015	% change	2016	2015	% change
(Loss) gain on disposal of property and equipment and intangibles	(93)	(1,817)	94.9	(2,214)	358	N/M
TOTAL	(93)	**(1,817)**	**N/M**	(2,214)	**358**	**N/M**

N/M = not meaningful

The non-operating loss of $0.1 million this quarter was due to the retirement of assets in the regular course of our operations. On a year-to-date basis, the non-operating loss amounted to $2.2 million. This loss includes asset retirements in addition to impairment losses on assets held for sale following a downward revaluation of their estimated fair value.

Last year, the non-operating loss recognized on the retirement of assets in the regular course of operations was $1.8 million in the third quarter. On a year-to-date basis, cumulative losses were more than offset by gains on the disposal of our mobile production assets and insurance proceeds from a truck destroyed by fire, resulting in a $0.4 million gain.

TOTAL COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2016	2015	% change	2016	2015	% change
Net results for the period	(18,403)	**(27,081)**	**32.0**	(34,461)	**(90,841)**	**62.1**
Other comprehensive income						
Remeasurement of defined benefit plans	276,180	177,514	N/M	121,497	312,767	N/M
Total comprehensive income for the period	257,777	**150,433**	**71.4**	87,036	**221,926**	**(60.8)**

N/M = not meaningful

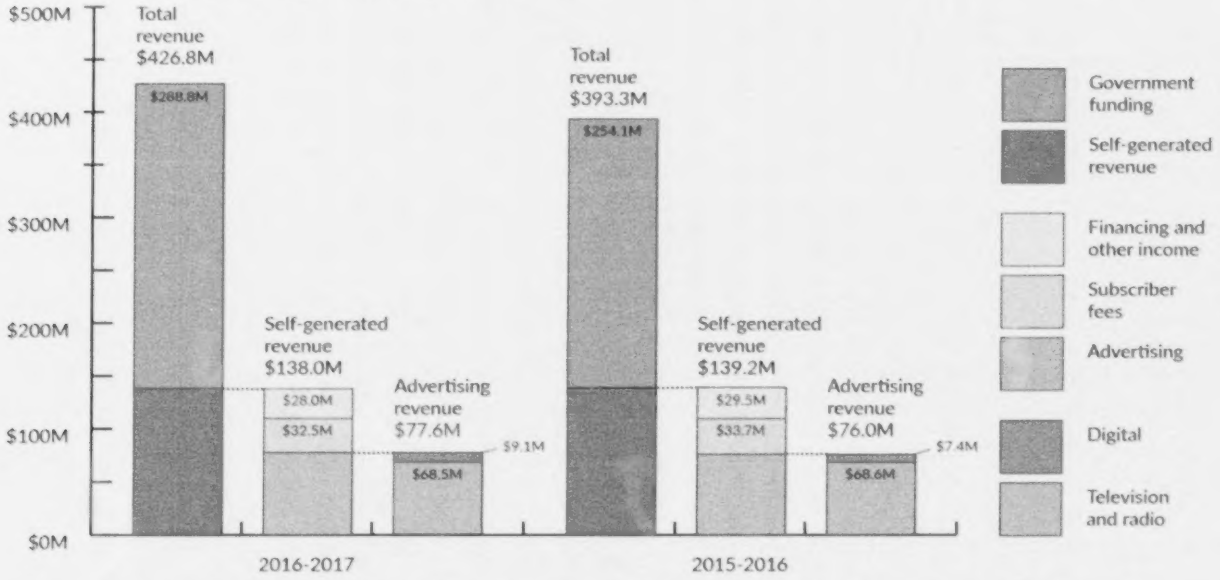
The total comprehensive income recognized this quarter was $257.8 million, compared to a $150.4 million in the same period last year. In addition to net results, total comprehensive income includes remeasurements of pension plan values. These remeasurements are driven by significant non-cash fluctuations in our pension plan's obligations and assets that occur when actual results or interest rates differ from our actuarial assumptions. We recognize these movements immediately in other comprehensive income each reporting period.

A gain of $276.2 million was recognized this quarter on remeasurement of defined benefit plans as a result of higher plan obligations due to a 50 basis-points increase in the discount rate used to value these long-term liabilities. This increase was partly offset by a lower return on plan assets than estimated as part of our actuarial assumptions. On a year-to-date basis, higher returns on plan assets than those used in our assumptions resulted in a $121.5 million gain on our defined benefit plans.

CAPITAL RESOURCES, FINANCIAL CONDITION AND LIQUIDITY

Q3 Capital Resources

We have four sources of direct funding: government appropriations (for operating expenditures, working capital and capital expenditures), advertising revenue, subscriber fees, and financing and other income.



Government funding (68% of sources in Q3 of 2016-2017): Government funding of $288.8 million was recognized during the quarter, including $23.1 million of amortization of deferred capital funding. In March 2016, the federal government announced an important reinvestment in CBC/Radio-Canada: an additional $75.0 million in 2016-2017 and $150.0 million per year thereafter on an ongoing basis. Salary inflation funding is not yet confirmed for 2016-2017.

Advertising revenue (18% of sources in Q3 of 2016-2017): This includes both ongoing and events-driven sales of advertising on our conventional channels, specialty television channels and other platforms. Advertising revenue driven by events can have a material impact on the Corporation's self-generated revenue.

Ongoing advertising revenue is decreasing as a proportion of our self-generated revenue and sources of funds as a result of the market shift away from conventional advertising platforms. Despite being a rising source of self-generated revenue, digital advertising growth is not significant enough to counterweigh the decline observed in TV advertising.

Subscriber fees (8% of sources in Q3 of 2016-2017): Fees from our specialty services: CBC News Network, *documentary* Channel, ICI EXPLORA, ICI ARTV, ICI RDI, the new ICI Tou.tv EXTRA premium package and Curio.ca. Subscriber fees are experiencing downward pressure from the continuing cord-cutting trend and the effects of recent regulatory changes enacted by the CRTC (affordable basic TV package, small TV packages and pick-and-pay TV channels).

Financing and other income (6% of sources in Q3 of 2016-2017): Includes both ongoing and events-driven income from activities such as rental of real estate assets, content sales, leasing of space at our transmission sites, host broadcasting and contributions from the Canada Media Fund.

Borrowing Plan

The *Broadcasting Act*, section 46.1, confers on CBC/Radio-Canada the authority to borrow up to $220.0 million, or such greater amount as may be authorized by Parliament, subject to approval of the Minister of Finance. Section 54.(3.1) of the Act requires that our borrowing plan be included in our Corporate Plan. Borrowing to meet working capital purposes is prohibited.

Under the *Broadcasting Act*, section 47.(1), we are an agent of the Crown and therefore have the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown. The Crown is also fully liable and financially exposed for all our actions and decisions while we are operating within our mandate. In other words, our assets and liabilities are the assets and liabilities of the Government of Canada.

FINANCIAL CONDITION AND LIQUIDITY

We rely on parliamentary appropriations and cash generated from our commercial operations to fund our operating activities and our capital needs, in an environment highly dependent on technology. Specifically, our main sources of liquidity are parliamentary appropriations for operating, capital and working capital requirements, and self-generated revenue such as the sale of advertising on our various platforms.

Our cash balance on December 31, 2016, was $95.9 million, compared to $156.5 million on March 31, 2016. Our cash flows from operating, investing and financing activities for the third quarter ended December 31, 2016 are summarized below.

CASH POSITION

(in thousands of Canadian dollars)	For the three months ended December 31			For the nine months ended December 31		
	2016	2015	% change	2016	2015	% change
Cash - beginning of the period	97,475	105,456	(7.6)	156,465	214,884	(27.2)
Changes in the period						
Cash from (used in) operating activities	22,196	4,754	N/M	(36,832)	(90,732)	59.4
Cash used in financing activities	(25,433)	(25,433)	-	(54,046)	(54,078)	0.1
Cash from investing activities	1,709	18,925	(91.0)	30,360	33,628	(9.7)
Net change	(1,528)	**(1,754)**	**12.9**	(60,518)	**(111,182)**	**45.6**
Cash - end of the period	95,947	**103,702**	**(7.5)**	95,947	**103,702**	(7.5)

N/M = not meaningful

CASH FROM (USED IN) OPERATING ACTIVITIES

Cash from (used in) operating activities includes cash inflows from our drawdowns of parliamentary appropriations for operating expenditures and working capital.

Cash generated from operating activities in the third quarter of 2016-2017 was $22.2 million. Our cash outflows to fund working capital were lower this quarter. Partly offsetting this were lower cash inflows because we drew down less parliamentary appropriations. The net impact was an increase of $17.4 million in cash from operating activities relative to the third quarter last year.

On a year-to-date basis, cash outflows for operating activities were $53.9 million lower (59.4%) in 2016-2017. This change was primarily the result of higher government appropriation drawdowns.

CASH USED IN FINANCING ACTIVITIES

Cash outflows for financing activities were stable. Cash outflows for financing activities presented above relate primarily to the following:

- Interest payments of $11.8 million during the quarter and $24.3 million year-to-date;
- Repayments of the Broadcast Centre Trust bonds of $7.3 million during the quarter and $14.4 million year-to-date;
- Payments of notes payable of $3.4 million during the quarter and $6.8 million year-to-date; and
- Payments to meet obligations under finance leases of $2.9 million during the quarter and $8.5 million year-to-date.

CASH FROM INVESTING ACTIVITIES

Cash from investing activities includes cash from our drawdowns of parliamentary appropriations for capital expenditures.

Investing activities generated cash of $1.7 million this quarter, compared to $18.9 million in 2015-2016. The lower cash inflows during the period were mostly attributable to a $9.7 million increase in acquisition of property and equipment as well as a $9.0 million decrease in drawdowns for capital expenditures.

On a year-to-date basis, cash inflows from investing activities were $3.3 million lower (9.7%) in 2016-2017. The net proceeds from the disposal of our mobile production assets explain the higher inflows in 2015-2016.

RISK UPDATE

As Canada's national public broadcaster, CBC/Radio-Canada occupies an important place in the Canadian broadcasting system and faces a unique set of risks to its plans and operations. Like all broadcasters, we must adapt to technological changes, shifts in demographics and evolving consumer demands, as well as structural changes in the industry. Given our statutory mandate to serve all Canadians, CBC/Radio-Canada also faces unique public expectations and financial challenges.

It is CBC/Radio-Canada policy to develop, implement and practise effective risk management to ensure risks and opportunities that impact our strategies, objectives and operations are identified, assessed and managed appropriately.

Other than the items below, there have been no significant changes to our risk profile since year end. Refer to our 2015-2016 Annual Report for a more detailed assessment of the risks, potential impacts and risk mitigation strategies.

Real Estate Replacement and Optimization

The sale of the existing building and land of the Maison de Radio-Canada (MRC) and the build of the new MRC will be presented for approval by the Treasury Board of Canada.

Union Relations and Negotiations

On November 10, 2016, a tentative agreement was reached between CBC/Radio-Canada and the Association des réalisateurs de Radio-Canada (AR). Union members voted in favour of the agreement on November 28, 2016. The collective agreement became effective on December 7, 2016 and expires on December 15, 2019.

Consultation on Canadian Content in a Digital World

On November 28, 2016, CBC/Radio-Canada issued its submission entitled *A Creative Canada: Strengthening Canadian Culture in a Digital World* in support of the government's public consultation on the future of Canadian content in a digital world. Potential change to CBC/Radio-Canada's business model and/or mandate could have a profound impact on the future of the organization.

Refer to our Business Highlights section for more details about these risk updates.

FINANCIAL REPORTING DISCLOSURE

OUR ACCOUNTING POLICIES

Our third quarter Condensed Interim Consolidated Financial Statements ("Interim Financial Statements") were prepared in accordance with IFRS, as issued by the IASB, under IAS 34 – *Interim Financial Reporting* and adopted by the Accounting Standards Board (AcSB). They were approved by the Corporation's Board of Directors on February 17, 2017. These Interim Financial Statements were prepared using the same basis of presentation and accounting policies as outlined under Note 2 of the Corporation's Consolidated Financial Statements for the year ended March 31, 2016. Our Interim Financial Statements for the quarter ended December 31, 2016 do not include all of the notes required in the annual Consolidated Financial Statements.

Discussion and analysis of our financial condition and results of operations are based upon our Interim Financial Statements.

FUTURE ACCOUNTING STANDARDS

Refer to Note 3 of the Interim Financial Statements for information pertaining to accounting pronouncements that will be effective in future periods and were effective in 2016-2017.

KEY ACCOUNTING ESTIMATES AND CRITICAL JUDGMENTS

The preparation of these Interim Financial Statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors.

There have been no material changes to our critical accounting estimates in the first nine months of 2016. Our key significant accounting estimates and critical judgments are disclosed throughout the notes of our annual Consolidated Financial Statements.

TRANSACTIONS WITH RELATED PARTIES

Refer to Note 15 to the Interim Financial Statements for information pertaining to transactions with SiriusXM.

INVESTMENTS IN ASSOCIATE

There was no significant change to our equity interest in SiriusXM during the period.

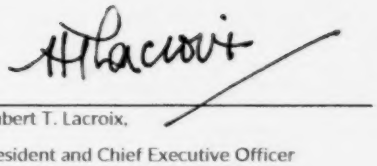
TRANSACTIONS WITH DEFINED BENEFIT PENSION PLANS

We made employer contributions to defined benefit plans as discussed in Note 10. We also provided management and administrative services to our defined benefit pension plans.

STATEMENT OF MANAGEMENT RESPONSIBILITY BY SENIOR OFFICIALS

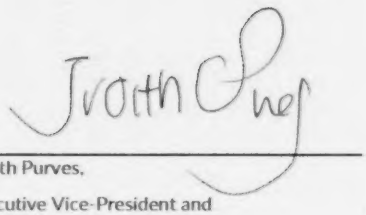
Management is responsible for the preparation and fair presentation of these Consolidated Quarterly Financial Statements in accordance with IAS 34 – *Interim Financial Reporting*, and for such internal controls as management determines is necessary to enable the preparation of consolidated quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the consolidated quarterly financial statements.

Based on our knowledge, these unaudited consolidated quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation, as at the date of and for the periods presented in the Consolidated Quarterly Financial Statements.



Hubert T. Lacroix,

President and Chief Executive Officer



Judith Purves,

Executive Vice-President and
Chief Financial Officer

Ottawa, Canada

February 17, 2017

CONSOLIDATED FINANCIAL STATEMENTS

Third Quarter Financial Report 2016-2017

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	NOTE	December 31, 2016	March 31, 2016
ASSETS			
Current			
Cash		95,947	156,465
Trade and other receivables	4	167,592	136,370
Programming	5	285,563	237,827
Merchandising inventory		-	258
Prepaid expenses		26,186	38,568
Promissory notes receivable		2,793	2,651
Investment in finance lease		3,117	2,960
Derivative financial instruments	14	429	151
Assets classified as held for sale	6	220	3,483
		581,847	**578,733**
Non-current			
Property and equipment	6	861,784	885,069
Intangible assets	7	28,245	28,757
Assets under finance leases		14,924	20,596
Pension plan asset	10	225,611	145,406
Programming	5	94,046	107,629
Promissory notes receivable		38,781	40,877
Investment in finance lease		42,061	44,419
Deferred charges		18,214	17,274
Investment in associate	8	3,389	2,496
		1,327,055	**1,292,523**
TOTAL ASSETS		1,908,902	**1,871,256**
LIABILITIES			
Current			
Accounts payable and accrued liabilities		75,565	112,512
Provisions	9	29,379	24,556
Pension plans and employee-related liabilities	10	131,104	121,561
Programming liability		15,151	15,151
Bonds payable		18,463	22,269
Obligations under finance leases		12,082	11,476
Notes payable		7,620	8,523
Deferred revenues		22,077	25,729
Deferred operating vote drawdown	12	31,872	-
Derivative financial instruments	14	-	159
		343,313	**341,936**
Non-current			
Deferred revenue		20,700	32,851
Pension plans and employee-related liabilities	10	237,675	239,651
Programming liability		23,095	33,184
Bonds payable		221,361	236,851
Obligations under finance leases		7,433	16,581
Notes payable		86,709	93,784
Deferred capital funding	12	536,457	531,295
		1,133,430	**1,184,197**
Equity			
Retained earnings		431,610	344,628
Total equity attributable to the Corporation		431,610	**344,628**
Non-controlling interests		549	**495**
TOTAL EQUITY		432,159	**345,123**
TOTAL LIABILITIES AND EQUITY		1,908,902	**1,871,256**

Commitments (NOTE 16)

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME (LOSS) (UNAUDITED)

	NOTE	Three months ended December 31		Nine months ended December 31	
		2016	2015	2016	2015
REVENUE	11				
Advertising		77,584	75,986	235,337	187,545
Subscriber fees		32,507	33,675	98,549	100,973
Other income		25,684	27,101	88,481	103,889
Financing income		2,270	2,411	7,109	7,644
		138,045	139,173	429,476	400,051
EXPENSES					
Television, radio and digital services costs		420,471	392,196	1,154,182	1,079,761
Transmission, distribution and collection costs		16,694	17,947	50,122	52,006
Corporate management		2,596	2,625	7,495	7,340
Payments to private stations		64	213	488	1,147
Finance costs		6,333	6,948	19,665	21,183
Share of results in associate	8	(1,026)	(1,371)	(2,263)	(4,113)
		445,132	418,558	1,229,689	1,157,324
Operating loss before government funding and non-operating items		(307,087)	(279,385)	(800,213)	(757,273)
GOVERNMENT FUNDING	12				
Parliamentary appropriation for operating expenditures		264,666	229,752	695,628	591,794
Parliamentary appropriation for working capital		1,000	1,000	3,000	3,000
Amortization of deferred capital funding		23,111	23,369	69,338	71,280
		288,777	254,121	767,966	666,074
Results before non-operating items		(18,310)	(25,264)	(32,247)	(91,199)
NON-OPERATING ITEMS					
(Loss) gain on disposal of property and equipment and intangibles		(93)	(1,817)	(2,214)	358
		(93)	(1,817)	(2,214)	358
Net results for the period		(18,403)	(27,081)	(34,461)	(90,841)
Net results attributable to:					
The Corporation		(18,444)	(27,155)	(34,515)	(90,971)
Non-controlling interests		41	74	54	130
		(18,403)	(27,081)	(34,461)	(90,841)

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	NOTE	Three months ended December 31		Nine months ended December 31	
		2016	2015	2016	2015
COMPREHENSIVE INCOME					
Net results for the period		(18,403)	**(27,081)**	(34,461)	**(90,841)**
Other comprehensive income - not subsequently reclassified to net results					
Remeasurement of defined benefit plans	10	276,180	**177,514**	121,497	**312,767**
Total comprehensive income for the period		257,777	**150,433**	87,036	**221,926**
Total comprehensive income attributable to:					
The Corporation		257,736	**150,359**	86,982	**221,796**
Non-controlling interests		41	**74**	54	**130**
		257,777	**150,433**	87,036	**221,926**

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	NOTE	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
		Three months ended December 31, 2016		
Balance as at September 30, 2016		173,874	508	174,382
Changes in the period				
Net results for the period		(18,444)	41	(18,403)
Remeasurement of defined benefit plans	10	276,180	-	276,180
Total comprehensive income for the period		**257,736**	**41**	257,777
Balance as at December 31, 2016		**431,610**	**549**	432,159
		Three months ended December 31, 2015		
Balance as at September 30, 2015		447,413	451	**447,864**
Changes in the period				
Net results for the period		(27,155)	74	(27,081)
Remeasurement of defined benefit plans	10	177,514	-	177,514
Total comprehensive income for the period		**150,359**	**74**	**150,433**
Balance as at December 31, 2015		**597,772**	**525**	**598,297**
		Nine months ended December 31, 2016		
Balance as at March 31, 2016		344,628	495	345,123
Changes in the period				
Net results for the period		(34,515)	54	(34,461)
Remeasurement of defined benefit plans	10	121,497	-	121,497
Total comprehensive income for the period		**86,982**	**54**	87,036
Balance as at December 31, 2016		**431,610**	**549**	432,159
		Nine months ended December 31, 2015		
Balance as at March 31, 2015		375,976	541	**376,517**
Changes in the period				
Net results for the period		(90,971)	130	(90,841)
Remeasurement of defined benefit plans	10	312,767	-	312,767
Total comprehensive income for the period		**221,796**	**130**	**221,926**
Distributions to non-controlling interests		-	**(146)**	**(146)**
Balance as at December 31, 2015		**597,772**	**525**	**598,297**

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	NOTE	Three months ended December 31		Nine months ended December 31	
		2016	2015	2016	2015
CASH FLOWS (USED IN) FROM					
OPERATING ACTIVITIES					
Net results for the period		(18,403)	(27,081)	(34,461)	(90,841)
Adjustments for:					
Loss (gain) on disposal of property and equipment and intangibles	6, 7	93	1,817	2,214	(358)
Financing income		(2,270)	(2,411)	(7,109)	(7,644)
Finance costs		6,333	6,948	19,665	21,183
Change in fair value of financial instruments designated at fair value through profit and loss	14	(292)	(299)	(437)	(525)
Depreciation of property and equipment	6	25,359	25,042	75,762	76,589
Amortization of intangible assets	7	1,419	1,630	4,597	4,961
Depreciation of assets under finance leases		1,898	1,897	5,672	5,694
Share of results in associate	8	(1,026)	(1,371)	(2,263)	(4,113)
Change in deferred charges		(5)	(253)	(940)	303
Change in programming asset (non-current)	5	5,962	2,109	14,973	53,147
Change in programming liability (non-current)	5	(3,923)	(3,765)	(10,845)	(10,579)
Amortization of deferred capital funding	12	(23,111)	(23,369)	(69,338)	(71,280)
Change in deferred appropriations for operating expenditures	12	(39,166)	16,748	31,872	35,206
Change in deferred revenues (non-current)		(2,051)	(3,592)	(12,829)	(15,612)
Change in pension plan asset (non-current)	10	(225,611)	(163,567)	(80,205)	(250,386)
Change in pension plans and employee-related liabilities (current)	10	5,997	6,179	8,913	8,684
Change in pension plans and employee-related liabilities (non-current)	10	240,023	179,103	119,520	301,583
Accretion of promissory notes receivable		(6)	(6)	(17)	(16)
Movements in working capital	13	50,976	(11,005)	(101,576)	(146,728)
		22,196	**4,754**	(36,832)	**(90,732)**
FINANCING ACTIVITIES					
Repayment of obligations under finance leases		(2,896)	(2,712)	(8,541)	(7,923)
Repayment of bonds		(7,326)	(6,804)	(14,386)	(13,361)
Repayment of notes		(3,445)	(3,290)	(6,812)	(6,504)
Distributions to non-controlling interests		-	-	-	(146)
Interest paid		(11,766)	(12,627)	(24,307)	(26,144)
		(25,433)	**(25,433)**	(54,046)	**(54,078)**
INVESTING ACTIVITIES					
Parliamentary appropriations for capital funding	12	23,500	32,499	74,500	70,000
Additions to property and equipment	6	(25,867)	(16,148)	(51,047)	(52,499)
Additions to intangible assets	7	(1,940)	(2,922)	(7,471)	(9,359)
Net proceeds from disposal of property and equipment		2,700	784	3,005	11,058
Collection of promissory notes receivable		662	617	1,951	1,819
Collection of finance leases receivable		701	654	2,068	1,928
Dividends received	8		1,371	1,371	4,113
Interest received		1,953	2,070	5,983	6,568
		1,709	**18,925**	30,360	**33,628**
Change in cash		(1,528)	**(1,754)**	(60,518)	**(111,182)**
Cash, beginning of the period		97,475	**105,456**	156,465	**214,884**
Cash, end of the period		95,947	**103,702**	95,947	**103,702**

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED DECEMBER 31, 2016 (UNAUDITED)

1. General Information

CBC/Radio-Canada (the Corporation) was first established by the 1936 *Broadcasting Act*. The Corporation, a federal Crown Corporation domiciled in Canada, is an agent of Her Majesty and all assets and liabilities are those of the Government. Its registered office is located at 181 Queen Street, Ottawa ON K1P 1K9. The Corporation is accountable to Parliament through the Minister of Canadian Heritage and in accordance with section 85(1.1) of the *Financial Administration Act*, the Corporation is exempt from certain sections from Divisions I to IV of Part X of the *Act*.

As the national public broadcaster, the Corporation provides radio, television and digital services in both official languages, delivering predominantly and distinctly Canadian programming to reflect Canada and its regions to national and regional audiences.

2. Significant Accounting Policies

A. Statement of Compliance

The Corporation has prepared these condensed interim consolidated financial statements as required by Section 131.1 of the *Financial Administration Act* which requires most parent Crown Corporations to prepare and make public quarterly financial reports in compliance with the Treasury Board Standard on Quarterly Financial Reports for Crown Corporations. These condensed interim consolidated financial statements also comply with IAS 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board (IASB) and adopted by the Accounting Standards Board (AcSB).

These condensed interim consolidated financial statements have not been audited or reviewed by the Corporation's external auditor. They have been authorized for issuance by the Board of Directors on February 17, 2017.

B. Basis of Preparation

Basis of Presentation

As permitted under IAS 34, these interim consolidated financial statements are presented on a condensed basis and therefore do not include all disclosures that would otherwise be required in a full set of financial statements. These condensed interim consolidated financial statements are intended to provide an update on the latest complete set of audited annual consolidated financial statements for the year ended March 31, 2016. Accordingly, they should be read in conjunction with the audited annual consolidated financial statements for the year then ended.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, excepted as permitted by IFRS and as otherwise indicated within these notes.

The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those disclosed in the Corporation's audited annual consolidated financial statements, except for the application of new standards, amendments and interpretations effective for the Corporation's year end beginning on April 1, 2016. The accounting policies have been applied consistently to all periods presented, unless otherwise noted.

Change in presentation

Starting this quarter, total advertising revenue as reported on the face of the Corporation's condensed interim consolidated statement of income (loss) has been further disaggregated under note 11 – Revenue between TV and radio advertising, and Digital advertising.

This change in presentation has also been reflected in the comparative figures with total advertising revenue of $76.6 million and $188.7 million for the three and nine months ended December 31, 2015, respectively, being further disaggregated as shown below:

	December 31, 2015	
	Three months ended	Nine months ended
TV and radio advertising	69,272	169,063
Digital advertising	7,352	19,670
Total advertising revenue	**76,624**	**188,733**

Management believes this change in presentation will provide financial statements' users with more relevant information, most notably as the Corporation is undergoing a digital shift in accordance with its current strategic plan *Strategy 2020*.

Seasonality

Excluding government appropriations, approximately 50% of the Corporation's self-generated revenue comes from advertising revenue that tends to follow seasonal patterns, with the second quarter typically being the lowest as the summer season typically attracts fewer viewers. Advertising revenue also varies according to market and general economic conditions and the programming schedule. By contrast, subscriber-based revenue is more stable on a quarter-by-quarter basis. Operating expenses tend also to follow a seasonal pattern, as they are influenced by the programming schedule.

Key sources of Estimation Uncertainty and Critical Judgments

The preparation of these condensed interim consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of such financial statements and the reported amounts of revenue and expenses recorded during the period, as well as all related disclosures.

Estimates are regularly reviewed by management and changes in those estimates are recognized prospectively by including them in the Condensed Interim Consolidated Statement of Income (Loss) in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. Actual results could significantly differ from those estimates. Similarly, critical judgments are reassessed at each reporting date.

Since the Corporation's last audited annual consolidated financial statements at March 31, 2016, there have been no changes made to the Corporation's key estimates or critical judgments, except for the change in accounting estimate discussed below.

Pension plans and employee-related liabilities

Starting in Q3 2016-2017, the Corporation revised an estimate used in determining the discount rate for calculating the pension plan's defined benefit obligation. This change in estimate follows revised guidance issued by the Canadian Institute of Actuaries (CIA) in November 2016. This change did not materially impact the position of the pension plan since it did not result in a change in the discount rate the Corporation would have otherwise adopted. This is further discussed in note 10b.

3. New and Future Changes in Accounting Policies

A. Adoption of New and Revised International Financial Reporting Standards

The following new pronouncement issued by the IASB was adopted by the Corporation effective April 1, 2016.

Standard	Description	Impact	Effective date
Amendments to IAS 1 *Presentation of financial statements - Disclosure initiative*	Issued to improve the effectiveness of presentation and disclosure in financial statements, with the objective of reducing immaterial note disclosures.	No material impact from adopting this standard.	January 1, 2016, applied prospectively.

B. Future Accounting Changes

The IASB has issued the following new standards and amendments to existing standards that were not yet effective and not applied as at December 31, 2016, which could potentially impact the consolidated financial statements of the Corporation issued in a future period. The Corporation does not anticipate early adoption of these standards at this time.

Standard	Description	Impact	Effective date
IFRS 9 *Financial Instruments*	Issued to replace IAS 39 *Financial instruments: recognition and measurement* and all previous versions of IFRS 9. Classification, measurement and disclosure of financial instruments based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets and liabilities. Includes a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.	The adoption of IFRS 9 is not expected to result in any significant change in the classification and measurement of the Corporation's financial instruments. The Corporation is currently assessing the impact the new impairment model will have on its processes and financial statements, most notably in relation to assessing impairment on trade receivables.	January 1, 2018, applied retrospectively with certain exceptions.
IFRS 15 *Revenue from Contracts with Customers* and Clarification to IFRS 15 *Revenue from Contracts with Customers*	Issued to replace IAS 18 *Revenues* and IAS 11 *Construction contracts* and the related Interpretations when it becomes effective. It provides guidance on the recognition of revenue from contracts with customers, including multiple-element arrangements and transactions not previously addressed comprehensively, and enhanced disclosures about revenue. Revenue under the new standard will be recognized when an entity transfers goods or services to a customer based upon the amount of consideration to which the entity expects to be entitled to from the customer. Goods or services will be transferred when the customer has control of them. Extensive new qualitative and quantitative disclosures are designed to help users of financial statements understand the nature, amount, timing and uncertainty of revenue.	The Corporation has completed its assessment of the main accounting impacts by significant revenue stream and is in the process of quantifying impacts to assess materiality.	January 1, 2018, applied retrospectively, with certain practical expedients available.
IFRS 16 *Leases*	Supersedes IAS 17 *Leases* and related Interpretations. Eliminates the classification of leases as either operating or finance leases for a lessee as all leases are treated in a similar way to finance leases when applying IAS 17. Expected increase in leased assets and financial liabilities. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained.	The Corporation is commencing a review of the standard to determine the potential impacts.	January 1, 2019, applied retrospectively, with certain practical expedients available.
Amendments to IAS 7 *Statement of Cash Flows*	Issued to require a reconciliation of the opening and closing financial position for each item for which cash flows have been, or would be, classified as financing activities, excluding equity items.	The Corporation does not expect any significant impact from adopting this standard.	January 1, 2017, applied prospectively.

4. TRADE AND OTHER RECEIVABLES

	December 31, 2016	March 31, 2016
Trade receivables	152,020	123,121
Allowance for doubtful accounts	(399)	(2,058)
Other	15,971	15,307
	167,592	**136,370**

Trade receivables disclosed above include amounts (see table A below) that are past due at the end of the reporting period for which the Corporation has not recognized an allowance for doubtful accounts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

The increase in trade receivables over 90 days since March 31, 2016 is mostly due to advertising receivables related to the Rio 2016 Olympics Games in August 2016 that are not yet collected.

A. AGE OF TRADE RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

	December 31, 2016	March 31, 2016
31 - 60 days	25,901	35,314
61 - 90 days	23,555	673
Over 90 days	30,011	13,874
Total	79,467	**49,861**

B. MOVEMENT IN ALLOWANCE FOR DOUBTFUL ACCOUNTS

	December 31, 2016	March 31, 2016
Opening balance	(2,058)	(2,683)
Amounts written off during the period as uncollectible	1,731	571
Impairment losses reversed	171	1,113
Net increase in allowance for new impairments	(243)	(1,059)
Balance, end of the period	(399)	**(2,058)**

5. PROGRAMMING

A. PROGRAMMING BY CATEGORY

	December 31, 2016	March 31, 2016
Completed programs	99,844	61,076
Programs in process of production	117,881	63,524
Broadcast rights available for broadcast within the next twelve months	67,838	113,227
	285,563	**237,827**
Broadcast rights not available for broadcast within the next twelve months	94,046	107,629
	379,609	**345,456**

B. MOVEMENT IN PROGRAMMING

	December 31, 2016	March 31, 2016
Opening balance	345,456	310,290
Additions	811,431	990,842
Programs broadcast	(777,278)	(955,676)
Balance, end of the period	379,609	**345,456**

Movements in Programs broadcast include write-offs amounting to $2.6 million (2015 – $0.3 million) and $3.2 million (2015 – $1.1 million) for the three and nine months ended December 31, 2016, respectively. Programming write-offs are mainly due to terminated projects, programming not suitable for telecast or pilots not progressing into a series.

6. PROPERTY AND EQUIPMENT

A. COST AND ACCUMULATED DEPRECIATION

	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	Total
Cost as at March 31, 2016	174,306	555,422	63,878	1,075,623	147,203	39,970	2,056,402
Additions	-	12	-	8,622	2,728	39,685	51,047
Transfers (refer to Note 7)	-	3,414	453	25,027	8,906	(34,416)	3,384
Assets classified as held for sale	(28)	(204)	-	-	-	-	(232)
Disposals and write-offs	(49)	(2,159)	(1,036)	(37,922)	(5,859)	(31)	(47,056)
Cost as at December 31, 2016	**174,229**	**556,485**	**63,295**	**1,071,350**	**152,978**	**45,208**	2,063,545
Accumulated depreciation as at March 31, 2016	-	(234,131)	(32,799)	(796,491)	(107,912)	-	(1,171,333)
Depreciation for the period	-	(23,275)	(2,780)	(40,744)	(8,963)	-	(75,762)
Reclassification of depreciation on assets classified as held for sale	-	204	-	-	-	-	204
Reclassification of depreciation on disposals and write-offs	-	1,829	1,036	36,508	5,757	-	45,130
Accumulated depreciation as at December 31, 2016	-	**(255,373)**	**(34,543)**	**(800,727)**	**(111,118)**	-	(1,201,761)
Net carrying amount as at December 31, 2016	**174,229**	**301,112**	28,752	**270,623**	**41,860**	**45,208**	861,784

	Land	Buildings	Leasehold improvements	Technical equipment	Other	Uncompleted capital projects	**Total**
Cost as at March 31, 2015	174,552	553,585	53,253	1,129,557	139,591	42,034	**2,092,572**
Additions	-	10	-	11,390	4,998	76,240	**92,638**
Transfers (refer to Note 7)	6	14,237	10,625	46,746	11,588	(78,304)	**4,898**
Assets classified as held for sale	(257)	(5,472)	-	-	-	-	**(5,729)**
Disposals and write-offs	5	(6,938)	-	(112,070)	(8,974)	-	**(127,977)**
Cost as at March 31, 2016	**174,306**	**555,422**	**63,878**	**1,075,623**	**147,203**	**39,970**	2,056,402
Accumulated depreciation as at March 31, 2015	-	(209,726)	(28,864)	(847,406)	(103,824)	-	**(1,189,820)**
Depreciation for the year	-	(30,461)	(3,935)	(56,097)	(11,749)	-	**(102,242)**
Reclassification of depreciation on assets classified as held for sale	-	2,790	-	-	-	-	**2,790**
Reclassification of depreciation on disposals and write-offs	-	3,266	-	107,012	7,661	-	**117,939**
Accumulated depreciation as at March 31, 2016	-	**(234,131)**	**(32,799)**	**(796,491)**	**(107,912)**	-	**(1,171,333)**
Net carrying amount as at March 31, 2016	**174,306**	**321,291**	**31,079**	279,132	**39,291**	**39,970**	**885,069**

The contractual commitments for the acquisition of property and equipment are $32.4 million as at December 31, 2016 (March 31, 2016 - $21.0 million).

B. IMPAIRMENT AND OTHER CHARGES

For the three and nine months ended December 31, 2016, the Corporation recorded an impairment loss of nil (2015 - nil) and $1.2M (2015 - nil) in its Condensed Consolidated Statement of Income (Loss) on certain assets held for sale. There were no impairment losses reversed during the three and nine months ended December 31, 2016 (2015 - nil).

C. ASSETS CLASSIFIED AS HELD FOR SALE

Consistent with the Corporation's financial plan to reduce its real estate footprint, several properties were classified as held for sale for accounting purposes as at December 31, 2016 that have a total carrying value of $0.2 million (March 31, 2016 – $3.5 million). These properties are expected to be sold on a site by site basis over the next twelve months.

On November 22, 2016, CBC/Radio-Canada awarded the sale of the Maison de Radio-Canada's building and land to Groupe Mach. It also announced the Broccolini group was selected for the build of the new Maison de Radio-Canada on a portion of the same site. Since Treasury Board of Canada approval is still to be obtained in the upcoming year for these transactions, the sale of the premises does not meet the definition of an asset held for sale. No significant financial impacts from the sale and redevelopment are currently expected prior to March 31, 2017.

D. DISPOSALS

During the third quarter, the Corporation sold its property in Moncton (New Brunswick) that was previously held for sale. The proceeds on the sale of this asset were $2.2 million and resulted in a minimal gain.

Other net gains and losses during the three months ended December 31, 2016 resulted from the disposal or retirements of equipment as part of the Corporation's normal asset refresh cycle.

For the three and nine months ended December 31, 2015, net gains and losses resulted from asset retirements made in the normal course of the Corporation's activities.

7. INTANGIBLE ASSETS

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2016	140,760	32,191	12,903	185,854
Additions	-	199	7,272	7,471
Transfers (refer to Note 6)	605	2,752	(6,741)	(3,384)
Disposals and write-offs	(8)	(61)	-	(69)
Cost as at December 31, 2016	**141,357**	**35,081**	**13,434**	189,872
Accumulated amortization as at March 31, 2016	(137,827)	(19,270)	-	(157,097)
Amortization for the period	(973)	(3,624)	-	(4,597)
Reclassification of amortization on disposals and write-offs	8	59	-	67
Accumulated amortization as at December 31, 2016	**(138,792)**	**(22,835)**	-	(161,627)
Net carrying amount as at December 31, 2016	**2,565**	**12,246**	**13,434**	28,245

	Internally developed software	Acquired software	Uncompleted capital projects	**Total**
Cost as at March 31, 2015	140,594	26,602	9,499	**176,695**
Additions	-	251	14,902	**15,153**
Transfers (refer to Note 6)	681	5,919	(11,498)	**(4,898)**
Disposals and write-offs	(515)	(581)	-	**(1,096)**
Cost as at March 31, 2016	**140,760**	**32,191**	**12,903**	**185,854**
Accumulated amortization as at March 31, 2015	(137,090)	(14,281)	-	**(151,371)**
Amortization for the year	(1,252)	(5,132)	-	**(6,384)**
Reclassification of amortization on disposals and write-offs	515	143	-	**658**
Accumulated amortization as at March 31, 2016	**(137,827)**	**(19,270)**	-	**(157,097)**
Net carrying amount as at March 31, 2016	**2,933**	**12,921**	**12,903**	**28,757**

There were no impairment losses recorded or reversed during the three and nine months ended December 31, 2016 (2015 – nil).

8. INVESTMENT IN ASSOCIATE

Sirius XM Canada Holdings Inc. (SiriusXM), a corporation located and domiciled in Canada, is a satellite radio communications company offering a variety of content on a subscription basis across Canada, including 6 channels carrying the Corporation's programming.

SiriusXM's fiscal year end is August 31, which differs from that of the Corporation. IAS 28, *Investments in Associates and Joint Ventures*, limits the difference between the end of the reporting period of an associate and that of the investor to no more than three months. As such, the Corporation has included its portion of the interim results of SiriusXM for the period up to November 30, 2016, which falls within the allowed three month window. This corresponds to the latest information available for SiriusXM that can be disclosed publicly. IAS 28 also requires an adjustment to results for any significant transactions that occur during the intervening period. No such adjustments were necessary for the quarter ended December 31, 2016 (2015 – nil).

The equity-accounted investee information as at December 31 is summarized in the table below:

	Ownership interest held [1]		Voting interest held		Quoted Fair Value [2]		Carrying amount		Dividends declared [3]	
	December 31, 2016	March 31, 2016	December 31, 2016	March 31, 2016	December 31, 2016	March 31, 2016	December 31, 2016	March 31, 2016	December 31, 2016	December 31, 2015
SiriusXM	10.15%	10.15%	9.63%	9.64%	$66.3M	$60.5M	3,389	2,496	$1.4M	$4.1M

[1] As at December 31, 2016, the Corporation held 13,056,787 Class A Subordinate Voting Shares in SiriusXM.

[2] The quoted market value (fair value) was based on unadjusted quoted prices in active markets (Level 1).

[3] SiriusXM has a policy to pay dividends on a quarterly basis, as well as to issue special dividends at their discretion. We did not receive a regular dividend since the second quarter of this year due to the pending sale of our investment in SiriusXM. For the three and nine months ended December 31, 2016, there was no receipt of special dividends (2015: nil).

A reconciliation of the summarized financial information above to the carrying amounts of SiriusXM recorded on the Condensed Interim Consolidated Statement of Financial Position is as follows:

	December 31, 2016	March 31, 2016
Opening balance	2,496	–
Share of results in associate[1]	2,263	7,980
Dividends received[1]	(1,370)	(5,484)
Balance, end of the period	3,389	**2,496**

[1] Total dividends received during the three and nine months ended December 31, 2016 amounted to nil (2015 - $1.4 million) and $1.4 million (2015 - $4.1 million). For the nine months ended December 31, 2016, an equity pick-up of $2.3M was recorded and the dividends received of $1.4M reduced the investment carrying value to $3.4M. For the nine months ended December 31, 2015, the excess of dividends received over the investment carrying value of $4.1M was recognized in net results under Share of results in associate.

SiriusXM has no discontinued operations. There are no significant restrictions imposed on SiriusXM relating to their ability to transfer funds to their investors.

The Corporation has not incurred any contingent liabilities or commitments in relation to its associate.

On May 13, 2016, CBC/Radio-Canada announced its intention to sell its shares by voting in favour of the privatization and recapitalization transaction undertaken by its associate, Sirius XM. The transaction would involve the sale of the Corporation's 10.15% economic interest at $4.50 a share, for expected proceeds of approximately $58 million. The completion of the transaction is expected to take place in 2016-2017, subject to certain regulatory and CRTC approvals. There have been no changes to the terms of this transaction at the date of this report.

9. PROVISIONS

	Claims and legal proceedings	Environmental	Restructuring costs: Termination benefits	Total
Opening balance	24,196	343	17	24,556
Additional provisions recognized	9,152	255	360	9,767
Provisions utilized	(2,347)	(46)		(2,393)
Reductions resulting from remeasurement or settlement without cost	(2,047)	(127)	(377)	(2,551)
Balance, end of the period	**28,954**	**425**	-	**29,379**

Various claims and legal proceedings have been asserted or instituted against the Corporation. Some of these claims demand large monetary damages or other form of relief, and could result in significant expenditures. These claims consist mainly of copyright tariffs, grievances and other legal claims.

Litigation is subject to many uncertainties and the outcome of individual matters is not always predictable. Claims that are uncertain in terms of the outcome or potential outflow or that are not measurable are considered to be a contingency and are not recorded in the Corporation's consolidated financial statements. In addition, claims where cash outflows are not probable are considered as contingencies.

At December 31, 2016, the Corporation had provisions amounting to $29.0 million (March 31, 2016 – $24.2 million) in respect of Claims and legal proceedings. All matters are classified as current as, where estimable, the Corporation is working to resolve these matters within 12 months.

10. PENSION PLANS AND EMPLOYEE-RELATED LIABILITIES

A. PENSION PLAN ASSET/LIABILITY AND EMPLOYEE-RELATED LIABILITIES

Employee-related assets/liabilities recognized and presented in the Condensed Interim Consolidated Statement of Financial Position are as follows:

	Current		Non-current	
	December 31, 2016	March 31, 2016	December 31, 2016	March 31, 2016
Pension plan asset	-	-	225,611	**145,406**
Pension plan liability	-	-	104,065	102,739
Other post-employment plans	-	-	133,551	136,833
Vacation pay	57,841	55,056	-	-
Termination benefits	9,096	17,310	-	-
Salary-related liabilities	64,167	49,195	59	79
Total pension plan and employee-related liabilties	131,104	**121,561**	237,675	**239,651**

	December 31, 2016			March 31, 2016		
	Funded pension plan	Unfunded pension plans	Other post-employment plans	Funded pension plan	Unfunded pension plans	Other post-employment plans
Fair value of plan assets	6,604,767	-	-	6,456,327	-	-
Defined benefit obligation	6,379,156	104,065	133,551	6,310,921	102,739	136,833
Net (liability) asset arising from defined benefit obligation	225,611	(104,065)	(133,551)	**145,406**	**(102,739)**	**(136,833)**

B. SIGNIFICANT ACTUARIAL ASSUMPTIONS

As disclosed in Note 15 Pension Plans and Employee-Related Liabilities of the Corporation's annual consolidated financial statements for the year ended March 31, 2016, at each reporting period end the Corporation reviews its actuarial assumptions to ensure that the net defined benefit liability (asset) recognized in the financial statements is updated for significant changes in assumptions and significant changes arising from one-off events. The impact on the net defined benefit liability (asset) arising from any such changes in assumptions is recognized in other comprehensive income as a remeasurement for the period.

The Corporation uses the Fiera capital curve ('CIA curve') to determine the discount rate for calculating the defined benefit obligation. During Q3 2016-17, the CIA curve model was revised following new guidance by the Canadian Institute of Actuaries (CIA) *Task Force on Pension and Post-Retirement Benefit Accounting Discount Rates* in November 2016 to address the continuous decline in the number of corporate AA bonds with long maturities.

Historically, the CIA used fixed spreads of Canadian provincial bonds rated AA to build its yield curve. The new approach recognizes the increasing spreads relating to longer maturities by using a spread ratio approach. Despite the changes in the revised approach, the discount rates are expected to yield similar results to those of the previous approach. For Q3 2016-2017, this revised estimate did not result in a change in the discount rate the Corporation would have otherwise adopted since it rounds the discount rate to the nearest 25 bps.

Assumptions - annual rates	December 31, 2016	March 31, 2016
Assumptions for the calculation of pension benefit costs:		
Discount rate	3.75%	3.50%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	3.75%	3.75%
Discount rate - long service gratuity	3.00%	3.00%
Discount rate - LTD benefit	3.00%	3.00%
Discount rate - life insurance	3.75%	3.75%

C. TOTAL CASH PAYMENTS

Cash payments for pension, other post-employment and other long-term benefits for the Corporation were as follows:

	Three months ended December 31		Nine months ended December 31	
	2016	2015	2016	2015
Benefits paid directly to beneficiaries	3,224	2,942	9,672	8,826
Employer regular contributions to pension benefit plans	12,090	16,401	40,983	43,967
Total cash payments for defined benefit plans	15,314	**19,343**	50,655	**52,793**

The Plan is funded on the basis of actuarial valuations, which are made on an annual basis. Employees are required to contribute to the Plan a percentage of their pensionable salary. The Corporation provides the balance of the funding, as required, based on actuarial valuations.

D. MOVEMENTS IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION

	December 31, 2016		March 31, 2016	
	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
Opening defined benefit obligation	6,413,660	136,833	6,565,275	140,339
Current service cost	79,176	3,435	125,661	5,564
Interest cost	178,203	2,955	227,795	4,049
Contributions from employees	35,641	-	46,064	-
Remeasurements:				
Actuarial (gains) arising from changes in demographic assumptions	-	-	-	(627)
Actuarial (gains) arising from changes in financial assumptions	-	-	(271,327)	(3,748)
Actuarial (gains) losses arising from experience adjustments	(2,637)	-	21,888	4,165
Benefits paid	(220,822)	(9,672)	(301,696)	(12,909)
Closing defined benefit obligation	6,483,221	133,551	**6,413,660**	**136,833**

E. MOVEMENTS IN THE FAIR VALUE OF PLAN ASSETS

	December 31, 2016		March 31, 2016	
	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
Opening fair value of plan assets	6,456,327	-	6,648,816	-
Administration fees (other than investment management fees)	(4,869)	-	(6,160)	-
Interest income on plan assets	178,647	-	229,510	-
Return on plan assets, excluding interest income	118,860	-	(216,370)	-
Contributions from employees	35,641	-	46,064	-
Contributions from the Corporation	40,983	9,672	56,163	12,909
Benefits paid	(220,822)	(9,672)	(301,696)	(12,909)
Closing fair value of plan assets	6,604,767	-	**6,456,327**	-

F. DEFINED BENEFIT PLAN COSTS

Amounts recognized in comprehensive income

	Three months ended December 31		Nine months ended December 31	
	2016	2015	2016	2015
Current service cost	27,537	32,661	82,611	97,983
Administration fees (other than investment management fees)	1,623	1,540	4,869	4,620
Interest cost on defined benefit obligation	60,386	57,902	181,158	173,706
Interest income on plan assets	(59,549)	(57,378)	(178,647)	(172,134)
Other	(264)	160	-	(166)
Expense recognized in net results	29,733	34,885	89,991	104,009
Remeasurements recognized in other comprehensive (income)	(276,180)	(177,514)	(121,497)	(312,767)
Total	(246,447)	**(142,629)**	(31,506)	**(208,758)**

Retained earnings include $521.6 million of cumulative actuarial gains as at December 31, 2016 (March 31, 2016 gains – $400.1 million).

Allocation of expense recognized in net results

	Three months ended December 31		Nine months ended December 31	
	2016	2015	2016	2015
Television, radio and digital services costs	28,543	33,490	86,391	99,849
Transmission, distribution and collection costs	892	1,046	2,700	3,120
Corporate management	298	349	900	1,040
Total	29,733	**34,885**	89,991	**104,009**

11. REVENUE

	Three months ended December 31		Nine months ended December 31	
	2016	2015	2016	2015
TV and radio advertising	68,452	68,634	206,483	167,875
Digital advertising	9,132	7,352	28,854	19,670
Subscriber fees	32,507	33,675	98,549	100,973
Building, tower, facility and service rentals	11,735	11,785	32,271	33,245
Production revenue	3,855	5,407	18,043	39,573
Digital programming	3,760	3,391	16,317	12,084
Retransmission rights	794	781	2,297	2,282
Program sponsorship	1,581	658	4,488	3,051
Other services	1,014	1,727	3,277	2,872
Total Rendering of services	132,830	**133,410**	410,579	**381,625**
Total Financing income	2,270	**2,411**	7,109	**7,644**
Reciprocal trade revenues other than advertising	2,553	2,787	11,032	9,960
Foreign exchange gain (loss)	94	261	302	281
Net gain from the change in fair value of financial instruments	298	304	454	541
Total Revenue	138,045	**139,173**	429,476	**400,051**

12. GOVERNMENT FUNDING

A. GOVERNMENT FUNDING RECEIVED

Parliamentary appropriations approved and the amounts received by the Corporation are as follows:

	Three months ended December 31		Nine months ended December 31	
	2016	2015	2016	2015
Operating funding	225,500	246,500	727,500	627,000
Capital funding received	23,500	32,499	74,500	70,000
Working capital funding	1,000	1,000	3,000	3,000
	250,000	**279,999**	805,000	**700,000**

B. DEFERRED OPERATING VOTE DRAWDOWN

Parliamentary appropriation for operating expenditures is recognized in the Condensed Interim Consolidated Statement of Income (Loss) based on the net difference between quarterly budgeted expenses and self-generated revenue.

Quarterly budgets are established from the annual budget approved by the Board of Directors at the beginning of each year and reflect expected appropriation funding for the year and seasonal impacts of expenditures and self-generated revenue.

	December 31, 2016	March 31, 2016
Operating funding received during period	727,500	928,332
Less: Parliamentary appropriation for operating expenditures recognized in the Condensed Interim Consolidated Statement of Income (Loss) during period	(695,628)	(928,332)
Deferred appropriations for operating expenditures	31,872	-

C. DEFERRED CAPITAL FUNDING

Capital funding received is recorded as Deferred Capital Funding in the Condensed Interim Consolidated Statement of Financial Position, with income being recognized in the Condensed Interim Consolidated Statement of Income (Loss) on the same basis and over the same periods as the related property, equipment and intangible assets.

	December 31, 2016	March 31, 2016
Opening balance	531,295	520,200
Government funding for capital expenditures	74,500	105,692
Amortization of deferred capital funding	(69,338)	(94,597)
Balance, end of the period	536,457	**531,295**

13. MOVEMENTS IN WORKING CAPITAL

	Three months ended December 31		Nine months ended December 31	
	2016	2015	2016	2015
Changes in Working Capital are comprised of:				
Trade and other receivables	9,584	(8,378)	(31,321)	17,148
Programming asset (current)	23,231	17,934	(47,736)	(101,363)
Merchandising inventory	44	1	25	18
Prepaid expenses	7,106	431	12,382	(346)
Accounts payable and accrued liabilities	(4,454)	(9,385)	(36,947)	(19,655)
Provisions	926	(3,585)	4,823	(4,633)
Employee-related liabilities (current)	17,375	(6,448)	617	(30,641)
Deferred revenues (current)	(2,836)	(1,575)	(3,652)	(7,256)
	50,976	**(11,005)**	(101,576)	**(146,728)**

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values and fair values of the Corporation's financial instruments are listed in the following table:

	December 31, 2016		March 31, 2016		
	Carrying values	Fair values (Level 2)	Carrying values	Fair values (Level 2)	Note
Financial instruments measured at fair value on a recurring basis:					
Cash	95,947	n/a	156,465	n/a	(a)
Derivative financial asset instruments					
Stock options (assets)	429	429	151	151	(c)
Forward contracts (liabilities)	–	–	159	159	(b)
Financial instruments measured at amortized cost:					
Trade and other receivables	167,592	n/a	136,370	n/a	(a)
Promissory notes receivable (current)	2,793	n/a	2,651	n/a	(a)
Investment in finance lease (current)	3,117	n/a	2,960	n/a	(a)
Accounts payable and accrued liabilities	75,565	n/a	112,512	n/a	(a)
Bonds payable (current)	18,463	n/a	22,269	n/a	(a)
Obligations under finance leases (current)	12,082	n/a	11,476	n/a	(a)
Notes payable (current)	7,620	n/a	8,523	n/a	(a)
Promissory notes receivable (non-current)	38,781	44,464	40,877	48,270	(d)
Investment in finance lease (non-current)	42,061	49,351	44,419	53,507	(d)
Bonds payable (non-current)	221,361	283,936	236,851	317,488	(e)
Obligations under finance leases (non-current)	7,433	7,437	16,581	16,780	(e)
Notes payable (non-current)	86,709	96,238	93,784	107,335	(e)

There have been no transfers between levels during the three and nine months ended December 31, 2016.

(a) The fair values approximate their carrying value due to the current nature of these instruments.

(b) The fair value is based on a discounted cash flow model based on observable future market prices.

(c) The estimated fair value is determined using an option pricing model whose key inputs include the closing price and volatility of the related shares, published Government bond rates and directly observable dividend yields.

(d) The fair values related to the various amounts receivable were determined using the expected future cash flows and discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor that reflect the credit worthiness of the various counterparties.

(e) The fair values related to the Corporation's various financial liabilities were determined using the expected future cash flows and were discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor that reflects the Corporation's credit worthiness.

15. Related Parties

The Corporation enters into transactions with related parties in the normal course of business, on normal trade terms applicable to all individuals and enterprises and at market prices. These transactions are recorded at fair value by the Corporation. The following transactions were carried out with related parties:

	Three months ended December 31			
	Rendering of services		Receipt of services	
	2016	2015	2016	2015
Associate	646	621	–	–
Other related entities[1]	27	313	–	21
	673	**934**	–	**21**

[1] Transactions with other related entities primarily relate to administration services provided to the Corporate Pension Plan.

	Nine months ended December 31			
	Rendering of services		Receipt of services	
	2016	2015	2016	2015
Associate	1,772	1,794	–	–
Other related entities[1]	83	369	–	167
	1,855	**2,163**	–	**167**

[1] Transactions with other related entities primarily relate to administration services provided to the Corporate Pension Plan.

In addition, cash payments for the Corporation's contributions to the defined benefit plans are disclosed in Note 10 (c).

A. Transactions with Related Parties Excluding Government-Related Entities

The following balances were outstanding at the end of the period and are included in Trade and other receivables on the Condensed Interim Consolidated Statement of Financial Position:

	Amounts owed by related parties	
	December 31, 2016	March 31, 2016
Associate	582	579

There are no amounts owing to related parties at December 31, 2016 (March 31, 2016 - nil).

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

B. Other Transactions with Associate

There were no significant transactions with the Corporation's associate during the current or previous fiscal periods other than the dividends received, as discussed in Note 8.

C. Transactions with Government-Related Entities

CBC/Radio-Canada is a Federal Crown Corporation that operates in an economic environment dominated by entities directly or indirectly controlled by the federal government through its government authorities, agencies, affiliations and other organizations (collectively referred to as "government-related entities"). The Corporation has transactions with other government-related entities including but not limited to sales and purchases of goods and rendering and receiving of services.

The Corporation has elected to take an exemption under IAS 24 *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government and other government related entities.

16. Commitments

Commitments are discussed in Note 27 Commitments of the Corporation's consolidated financial statements for the year-ended March 31, 2016. Commitments for the purchase of property and equipment as of this quarter are disclosed within Note 6.A Property and Equipment of this report. There were no other material changes to commitments during the third quarter of 2016-2017.